ZENITH ENERGY LTD.

ANNUAL REPORT AND FINANCIAL STATEMENTS

AMENDED

YEAR ENDED MARCH 31, 2023

CONTENTS

COMPANY INFORMATION

Directors
Dr. Jose Ramon Lopez-Portillo (Chairman and Non-Executive Director)
Andrea Cattaneo (Chief Executive Officer & President, Executive Director)
Luca Benedetto (Chief Financial Officer & Executive Director)
Dario Ezio Sodero (Non-Executive Director)
Sergey Borovskiy (Non-Executive Director)

Registered Office
Suite 2400, 745 Thurlow Street, Vancouver BC V6E 0C5, Canada

Head Office
Suite 4000, 421 - 7th Avenue SW, Calgary, T2P 4K9, Alberta, Canada
Telephone Number: +1 (587) 315 9031

Registered Corporation Number
BC0803216

Website
www.zenithenergy.ca

Independent Auditor
RPG Crouch Chapman LLP
40 Gracechurch Street
London, EC3V 0BT, United Kingdom

Principal Bankers
Barclays Bank PLC
1 Churchill Place
Canary Wharf
London, E14 5HP, United Kingdom

Competent Person
Chapman Petroleum Engineering Ltd
1122 4th Street S.W., Suite 700
Calgary Alberta T2R 1M1, Canada

Depositary and Registrar
Computershare Trust Company of Canada
100 University Avenue, 8th Floor
Toronto, ON M5J 2Y1, Canada

Computershare Investor Services Plc
The Pavilions Bridgwater Road
Bristol, BS99 6ZZ, United Kingdom

DNB Bank ASA
Dronning Eufemias Gate 30,
0191 Oslo, Norway

CHAIRMAN'S STATEMENT

In the 2023 financial the Group has continued to implement its African development strategy, focused on the acquisition of prospective energy production and development assets. The notable decline in oil prices registered during 2020 because of the COVID-19 pandemic has had a positive impact on the Group's ability to negotiate favourable commercial terms for the acquisition of new assets.

On June 24, 2022, the Company provided an update on operational activities in the Robbana concession ("Robbana"), located onshore Tunisia, Robbana-1 well ("ROB-1"), confirming that it had successfully been returned to production following the installation of a new packer supplied by Weatherford and the previous determination of major corrosion in the casing being the cause of water ingress in the wellbore.
ROB-1 is currently producing at a rate of approximately 30 barrels of oil per day ("BOPD") with the installation of the recently acquired new Weatherford sucker pump. It is the Company's expectation that a production rate of between 40-50 BOPD might be achieved once the well is given additional time to stabilise.
The Company is of the view, in consideration of the well's age and condition, that any significant change in the production parameters would risk compromising ROB-1's structural integrity and long-term productivity.

On September 22, 2022, the Company announced that it presented an offer to the relevant Ministry in the Republic of Benin for the award of an initial nine-year licence to operate Block 1 containing the Sèmè oilfield, offshore Benin ("Block-1").

About Block-1

- A proven oilfield, with significant unexploited potential, having estimated recoverable reserves (P2) of 22-28 million barrels of oil and 428 billion cubic feet of natural gas (Kerr McGee 2005).
- Has produced a reported 22 million barrels of oil to date, with last production having taken place in 1998.
- Historical recovery factor of 22%, leaving significant margin for improvement of the recovery factor utilising modern completion techniques, horizontal drilling, and improved 3D seismic.
- Last produced at a rate of approximately 2,000 barrels of oil per day.
- 23 wells have been drilled in Block-1, with the last well having been drilled in 2009 by South Atlantic Petroleum (SAPETRO). This well discovered oil, however, due to the prevailing oil price at the time (approx. US$30) it was deemed uncommercial.
- Located in shallow water (30m) offshore with onshore facilities and tank farm for processing of oil production.
  • Discovered in 1967 by Union Oil, Block-1 covers 551 sq. km with over 355 sq. km of recent 3D seismic data.
- Significant development and exploration potential in the emerging Syn-Rift play extending from neighbouring Nigeria.
- Production facilities comprised of three platforms, the last being installed in 2014-2015. **On January 3, 2023**, the Company announced that a company in which it holds a 49% interest, Zenith Energy Netherlands B.V. ("Zenith Netherlands") has entered into a share purchase agreement ("SPA") with OMV Exploration and Production GmbH ("OMV" or the "Seller") to acquire 100% of the outstanding share capital of OMV (Yemen Block S 2) Exploration GmbH, OMV Jardan Block 3 Upstream GmbH and OMV Block 70 Upstream GmbH (collectively "OMV Yemen"), which are all companies incorporated and existing under the laws of Austria.

On January 10, 2023, the Company announced that the Ministry of Water and Mines of the Republic of Benin has awarded Zenith Energy an exclusivity (the "Exclusivity") for a period of three months to negotiate and finalise the terms of a Production Sharing Contract ("PSC") for Block 1 containing the Sèmè oilfield, offshore Benin ("Block-1").

On May 26, 2023, the Company provided an update on its recent corporate development activities.
The Company's management is currently reviewing a selection of oil production and development assets located in Texas, Oklahoma, and California in the United States of America (the "**Potential Acquisitions**"). If any of these Potential Acquisitions are completed, the Company will make further announcements, and at this stage, no terms are finalised.
The Potential Acquisitions are all located in prolific oil and gas basins with proven petroleum systems.
It is expected that, if the Potential Acquisitions are completed, a production rate in the range of approximately 300-500 barrels of oil per day might be achieved upon completion.
Drilling activities can be performed at relatively low-cost and without significant delay in view of the ready availability of equipment. The average total depth of production wells in the project areas of the Potential Acquisitions ranges between 500 to 2,000 metres.

On June 2, 2023, the Company announced that it has entered into an agreement (the "**Agreement**") with Stateside Energy LLC, a company registered under the laws of the State of Oklahoma, United States of America (hereinafter "**Stateside**") to acquire and operate a portfolio of oil production and development licences in Oklahoma, as well as certain other States in the USA (the "**Targets**").

Key Terms

- Stateside is an oil and gas operator with a portfolio of seven oil wells in the State of Oklahoma.
- Under the Agreement, Zenith will incorporate a wholly owned special purpose vehicle in the United States of America for the purpose of acquiring oil wells and licence blocks in the State of Oklahoma and certain other States in USA (the "**Newco**").
- Stateside will make available its personnel in Oklahoma for the purpose of assisting the business development of Newco.
- Zenith will consider providing Stateside with the following incentive bonus structure based upon the Newco reaching the following incremental average production targets: 75, 125, 175 and 225 barrels of oil per day (the "**Milestones**").
- Upon the achievement of each Milestone Zenith will consider issuing Stateside certain amounts payable by way of issuing equity securities (the "**Incentive Bonus Payments**").
- Stateside agrees to sell its oil production wells to Newco, subject to the completion of a satisfactory due diligence by Zenith, for a nominal consideration.
- It is planned that the Newco will negotiate the acquisition of approximately 70 oil production wells located on property leases totalling approximately 3,200 acres located in the State of Oklahoma for sale by a third-party identified by Stateside (the "**Potential Vendor**").
- The Potential Vendor has indicated it also intends to sell certain oilfield service equipment including, inter alia, a pulling unit and a tank truck, for an amount to be agreed.
- Zenith has agreed to invest approximately US$2 million, subject to the completion of a satisfactory due diligence, for the acquisition of Targets to be introduced by Stateside.

The Company formally begin its expansion in the USA by way of the Agreement with Stateside. The advantages of operating in North America are readily apparent, and primarily include the speed of execution for transactions, with the resulting delivery of potential immediate oil production to Zenith, and the relatively conspicuous lack of bureaucratic delays and other detrimental impediments to corporate development seen elsewhere.

The Company is currently negotiating the potential acquisition of various oil production assets with significant development potential across the USA. We look forward with enthusiasm to potentially completing these in an expeditious manner, subject to rigorous due diligence, by leveraging one of our strengths: deal-making.

The Board is fully confident in its view that the Group's expansion will, if successfully executed, enable Zenith to create substantial value for all its stakeholders.

Production activities

During the financial year ended March 31, 2023, the Group:

a) The Group generated revenues from oil and natural gas of CAD$ 13,159k (2022 – CAD$8,239k)

b) As of March 31, 2023, inventory consists of CAD$6,448k (2022 – 5,690k) related to 116,391 barrels of crude oil that has been produced but not yet sold in Tunisia.

c) The Company sold 177,246 mcf of natural gas from its Italian assets, as compared to 131,556 mcf of natural gas in the 2022 similar period.

Financing

The Company issued equity and financing instruments during the course of the financial year ended March 31, 2023, raising a combined net total of CAD$19.1m (March 31, 2022 - CAD$15.6m) to finance the Group's development strategies.

During the year, 437.728.088 new common shares were issued, as detailed in the financial statements (note 16).

To fund the acquisition of assets, and their development, to avoid an excessive dilution of its share capital the Company issued unsecured, multi-currency (GBP, Euro, CHF and USD) Medium Term Notes at par value (the "**Notes**"):

As of March 31, 2023, the Company sold Notes for an aggregate total amount of CAD$ 25,246,994 (March 31, 2022, comparative aggregate amount CAD$ 10,360,396).

Financial Results

The Group recorded an after-tax loss of **CAD$ 12,827k** for the year ended March 31, 2023, compared to an after-tax profit of **CAD$64,437k** for the year ended March 31, 2022. This result was negatively impacted by the non-recurrent administrative expenses related to the negotiation for the acquisitions and non-cash items.

The group production costs for the year were CAD$ 5,750k (2022 - CAD$2,217k).

Finance expense for the year was CAD$ 3,161k (2022 - CAD$2,278k).

Cash balances of CAD$ 1,442k (2022 - CAD$1,153k) were held at the end of the financial year.
Total equity attributable to the ordinary shareholders of the Group was CAD$ 91,652k as of March 31, 2023, (2022 - CAD$103,090k).

Dr. José Ramón López-Portillo
Non- Executive Chairman
March 29, 2024

CEO STATEMENT

The 2023 financial year ("**2023 FY**") of Zenith Energy ("**Zenith**" or the "**Company**") has seen the development of several successful business development acquisitions made during the previous financial year.

Zenith's Italian energy production portfolio, involving the generation of electricity using low-grade natural gas, has recorded even stronger levels of profitability, with total revenue of approximately CAD$ 4.4M during the year. Similarly, the Company's oil production activities in Tunisia have generated revenue of approximately CAD$ 8.8M.

The Company has energetically continued to implement its ambitious growth agenda with business development initiatives underway in the Republic of Benin, where the Company has submitted an offer for the award of an initial nine-year licence to operate Block 1, containing the Sèmè oilfield, the largest and most prospective oilfield in the country. Similarly, in the USA, the Company has embarked upon an acquisition campaign targeting onshore oil production assets with undeveloped oil and gas production potential.

During the 2023 FY, the Company has signed a share purchase agreement with OMV Exploration and Production GmbH ("**OMV**") to acquire the entirety of its production and exploration portfolio in the Republic of Yemen, holding a near-term production potential of approx. 15,000 barrels of oil per day. The Company will be providing further updates as appropriate in agreement with OMV.

I am pleased to confirm that the legal claim launched by Zenith's fully owned subsidiary in the Republic of the Congo, Anglo African Oil & Gas Congo S.A.U ("**AAOGC**"), is progressing in the Paris Commerical Court. During the 2023 FY we announced that the Company had increased the claimed amount for performance failures by SMP during drilling activities to US$9 million, in consideration of the significant commercial damages suffered by AAOGC, specifically the impossibility to begin production activities, as a direct result.

AAOGC is also owed an amount of approximately US$5.3 plus accrued interest by Société Nationale des Pétroles du Congo ("**SNPC**"), the national oil company of the Republic of the Congo. This amount remains outstanding, and the Company has engaged legal representatives who will be taking the necessary actions to fully recover this amount.

As a management team, we proactively seek opportunities to build a balanced portfolio which creates shareholder value. Our strategic focus is to pursue energy production opportunities through the acquisition of proven revenue generating oil, gas and electricity production assets, as well as low-risk exploration activities in assets with existing production.

As always, I am grateful to our shareholders for their support and belief in the Company's development activities. We are fully conscious of the fact that the delivery of our progress has not been within the expected timeline. This has been due to factors beyond our control in certain jurisdictions where we have sought to establish ourselves in good faith, such as the Republic of the Congo and Tunisia. It is for this reason, in the spirit of the prudent long-term development of Zenith, that we have now chosen to concentrate the revenue generating core of the Company's activities in the USA, a country where the rule of law is respected and enforced. The Board and the management team have unchanged confidence in the Company's ability to potentially deliver transformational value to shareholders as it successfully delivers on its objectives.

Sincerely,

Andrea Cattaneo, Chief Executive Officer
March 29, 2024

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Directors

Dr. Jose Ramon Lopez-Portillo (*Chairman and Non-Executive Director*)

Mr. Lopez-Portillo has been managing Director and then Chairman of the Board since 24 September 2007. He is an economist with a large network of business contacts worldwide, and who previously served as a Mexican Permanent Representative in Rome, Italy. Mr. Lopez- Portillo is a leading researcher in the energy security of Mexico and acts as Deputy Minister at Mexico's Planning and Budget Secretariat. Mr. Lopez-Portillo holds a Doctorate degree in Political Science and International Relations from the University of Oxford.

Andrea Cattaneo (*Director, President and CEO*)

Mr. Cattaneo has been a Director of the Company since 9 December 2008 and served as President and CEO of the Group since 2009. He is an energy specialist with a focus on emerging countries and has 30 years' experience in advising government in financial, industrial, and energy-related matters. Mr. Cattaneo has strong expertise and experience in structuring and negotiating contracts in the international markets, specifically the oil industry. He also has significant experience in former socialist countries, having arranged the first US$ loan to Vietnam, the then third poorest country in the world at the time, towards the beginning of his financial career in 1985. Mr. Cattaneo holds an undergraduate degree in Economics from the University of Genoa and a postgraduate degree in Taxation Law from the University of Bologna. He is a former member of the Business Advisory Council to the Great Tumen Initiative, a United Nations project for regional economic cooperation in Northeast Asia. He is one of Zenith's founders.

Luca Benedetto (*Chief Financial Officer & Director*)

Luca Benedetto is an Italian national, trained in Italy as a registered accountant with further education in IFRS accounting and consolidation at IPSOA Milan. He has more than twenty five years of experience in accounting, auditing, and financial administration. Mr. Benedetto began his professional career as an accountant and computer programmer responsible for financial software development and worked for the Italian division of IBM as an internal auditor and accountant as well as providing staff training in these aforementioned fields. He also served for seven years as a financial and administrative officer in a well-established Italian company specialising in the construction of fuel and water storage tanks.

He joined the Zenith Energy Ltd. group in 2013 as Chief Financial Officer of the Group's Italian subsidiary, Canoel Italia S.r.l., and has since progressed to also hold the position of Group Financial Controller. In this capacity he has been directly involved in the monitoring of business performance, cash flow management, budgetary oversight, accounts team supervision, accounts preparation and strategic planning. Since January 2016 he has also been responsible for the compiling and reviewing of the quarterly Consolidated Financial Statements and Management's Discussion and Analysis of the Group.

Dario Ezio Sodero (*Non-Executive Director and Chairman of the Audit Committee*)

Mr. Sodero was appointed to the Board on 24 June 2009. As an experienced energy industry executive with 47 years of experience in North America, the Sub-Arctic, North Africa and the Middle East, Mr. Sodero has strong geological, exploration and technical expertise. Mr. Sodero has formerly acted as director and executive of several other TSX- and TSXV-listed exploration and production companies. Mr. Sodero holds a Doctorate degree in Geology from the University of Turin, Italy.

Sergey Borovskiy (Non-Executive Director)

Sergey is an accomplished executive with a track record in investment banking, M&A projects, cross-border transactions. Sergey offers over 30 years of China and Hong Kong experience in founding and developing companies in a multilingual and multicultural environment. He is fluent in Russian, English and Mandarin. Sergey studied in both China and Russia, he has a degree in Economics and an Executive MBA.
He has served as Non-Executive Director of Zenith Energy since 2017. He has also held, or currently holds, the following roles:

- Since 1993 Chairman of SCHI Group, International trading, investment and manufacturing holding.
- Since 2002 Board Member of National Agency for Direct Investment (NAPI).
- During 2017 – 2019, he was CEO of Sanju Environmental Protection (Hong Kong) Limited, overseeing all international projects of Sanju Group.
- 2017 - 2018 Executive Director at Jutal Offshore Oil Services (public HK company).
- Since 2020 VP of Kaisun Holdings (public HK investment holding).
- Since 2021 Head of ITI Capital Asia, an international investment company offering a variety of investment services, capital market opportunities, including pre-IPO investment and complex financial products.

DIRECTORS' REPORT

The Directors present their Annual Report and Financial Statements of the Group for the year ended March 31, 2023.

In addition to what was fully disclosed in the Chairman Statement, on February 28, 2023, the Company announced that it had completed a fundraise in the United Kingdom (the "**UK Financing**"), and in Norway (the "**Norwegian Financing**", collectively, the "**Financings**").

The Financings had attracted the participation of existing institutional investors, including Premier Miton Investors, as well as Directors and employees of the Company, to raise an aggregate total amount of approximately £2,300,000 or NOK 28,484,580, resulting in the issuance of 437,728,088 new common shares.

Issue Price

The issue price of the Financings was **£0.0054** for the UK Financing and **NOK 0.067** for the Norwegian Financing.

Use of Proceeds

The proceeds of the Financings were used to provide additional funding for the following:

- Negotiation and planned finalisation of a Production Sharing Contract for Block 1, Sèmè oilfield in Benin
- Technical and managerial appointments in view of planned operations in Yemen
- Additional funding for the development of Zenith's Tunisian oil and Italian natural gas production portfolio
- Business development activities in Africa and the Middle East
- General working capital

Norwegian Financing

Zenith issued a total of 378,931,792 new common shares of no-par value in the capital of the Company ("**Norwegian Financing Common Shares**"), to be admitted to trading on the Euronext Growth Oslo (the "**Norwegian Financing Admission**") raising gross proceeds of NOK 25,388,430 (approximately £2,050,000).

An application for the Norwegian Financing Common Shares to also be listed on the standard segment of the FCA Official List and to be admitted for trading on the London Stock Exchange Main Market for listed securities will be made within 12 months of the issue of the Norwegian Financing Common Shares.

The Norwegian Financing Common Shares rank pari passu in all respects with the existing common shares of the Company.

The Company issued 113,679,538 share purchase warrants exercisable at a price **NOK 0.094** for a duration of 3 years from the date of issue in connection with the Norwegian Financing.

UK Financing

Zenith issued a total of 46,296,296 common shares of no-par value in the capital of the Company on the London Stock Exchange (the "**UK Financing Common Shares**") to raise gross proceeds of £250,000 (approximately NOK 3,096,150).

The UK Financing Common Shares are listed on the standard segment of the FCA Official List and are admitted for trading on the London Stock Exchange Main Market for listed securities (the "**UK Financing Admission**").

The UK Financing Shares rank pari passu in all respects with the existing common shares of the Company.

The Company issued 13,888,889 share purchase warrants exercisable at a price **£0.0076** for a duration of 3 years from the date of issue in connection with the UK Financing.

Debt Settlement

The Company has allotted 12,500,000 Common Shares ("**Debt Settlement Shares**") to a service provider in lieu of cash settlement for services provided to Zenith for a total value of £67,500.

These Debt Settlement Shares are now listed on the standard segment of the FCA Official List and are admitted for trading on the London Stock Exchange Main Market for listed securities (the "**Debt Settlement Admission**").

The Debt Settlement Shares rank pari passu in all respects with the existing common shares of the Company.

Financial review of activity for the period

The Group issued equity once during the financial year ended March 31, 2023, raising a combined net total of CAD$3,966m (March 31, 2022 - CAD$7,677m) to finance the Group's reconfigured development strategies.

During the year, 437.728.088 (March 31, 2022 - 708,685,118) new Ordinary Shares were issued, as detailed in the financial statements (note 16) and as per the following table.

	Number of Shares	Amount CAD$'000
Balance – March 31, 2022	**1,872,574,449**	**60,121**
Unit private placement proceeds	425,228,088	3,856
Units issued in settlement of debt	12,500,000	114
Issue costs	-	(4)
Total for the year	**437,728,088**	**3,966**
Balance – March 31, 2023	**2,310,302,537**	**64,087**

Following the issue of the new Ordinary Shares, the Company had 2,310,302,537 common shares in issue and admitted to trading on the Euronext Growth of the Oslo Stock Exchange, of which 1,931,370,745 common share in issue and admitted to trading on the Main Market of the London Stock Exchange, as of March 31, 2023.

Furthermore, to avoid the risk of the excessive dilution of the capital, the Company issued two different sets of EMTN (Bond) accruing interest payable semi-annually and listed on the third Vienna Stock Exchange.

Zenith EMTN Programme up to Euro 25+M

1. On January 20, 2020, the Company announced the issuance of the following unsecured, multi-currency Euro Medium Term Notes, governed by Austrian law, at par value (the "**Notes**"):

- EURO 1,000,000 bearing interest of 10.125 per cent per year (the "**EUR-Notes**")
- GBP 1,000,000 bearing interest of 10.50 per cent per year (the "**GBP-Notes**")
- USD 1,000,000 bearing interest of 10.375 per cent per year (the "**USD-Notes**")
- CHF 1,000,000 bearing interest of 10.00 per cent per year (the "**CHF-Notes**")

The Notes will mature on January 27, 2024, are governed by Austrian law and are not convertible into equity of the Company.

2. On May 16, 2022, the Company announced that it had issued a new series of unsecured, multi-currency Euro Medium Term Notes at par value (the "Notes").

The following Notes have been issued:
- Series No.5: EUR 2,000,000 bearing an interest of 10.125 per cent per year. ISIN: **XS2478298909**
- Series No.6: GBP 2,000,000 bearing an interest of 10.50 per cent per year. ISIN: **XS2478299030**
- Series No.7: USD 2,000,000 bearing an interest of 10.375 per cent per year. ISIN: **XS2478299113**

The Notes will mature on May 9, 2026, are governed by Austrian law and are not convertible into equity of the Company.

These Notes were admitted to trading on the Third Market (MTF) of the Vienna Stock Exchange ("**Wiener Borse AG**"). As of March 31, 2023, the Company sold Notes, as follows:

Currency	**CAD$ equivalent**	**ISIN**	**Description**
EUR	2,659,011	XS2108546735	ZEEX 10.125 01/27/24 MTN
USD	9,274,052	XS2108546651	ZEEX 10.500 01/27/24 MTN
GBP	2,872,762	XS2108546578	ZEEX 10.375 01/27/24 MTN
CHF	41,924	XS2108546818	ZEEX 10.000 01/27/24 MTN
EUR	3,106,240	XS2478298909	ZEEX 10.125 05/09/26 MTN
GBP	980,160	XS2478299030	ZEEX 10.500 05/09/26 MTN
USD	2,096,379	XS2478299113	ZEEX 10.375 05/09/26 MTN

The issue of the Notes is aligned with the Group's strategy of diversifying its financing towards non-equity dilutive funding to support its successful development.

The Company has been using the EMTN Programme to finance its activities in the Republic of the Congo, Tunisia and Italy. The Company chose the Vienna Stock Exchange as it was viewed as a highly accessible market in terms of simplicity of process and listing costs.

During the year, the Company announced that it had fully paid the semi-annual interest in relation to the Notes. The most recent interest payment in relation to the Notes is the third such payment, with previous interest payments having taken place during the months of June and December 2019, 2020, 2021 and 2022 respectively.

The Group's yearly profit was mostly impacted by the non-recurrent administrative expenses related to the negotiation for the acquisitions.

The Group production costs for the year were CAD$5,750k, compared to CAD$2,217k in 2022 and the General and Administrative costs for the year were CAD$8,811k, compared to CAD $12,526k in 2022.

Cash flow

Cash used in investing activities totalled CAD$430k (2022 - CAD$2,165k). The cash from financing activities in 2023 totalled CAD$16,563k (2022 - CAD$14,817k), due to the share placings, issue of convertible loans and issue of bonds.

Closing cash

As of March 31, 2023, the Group held CAD$1,442k in cash (2022 - CAD$1,153k).

Position of Group's business at the year end

At the year end the Group's Statement of Financial Position shows current assets totaling CAD$34,566k (2022 – CAD$28,774k) and non-current assets totaling CAD$228,345k (2022 – CAD$230,526k).

Business strategy

As of the date of this report the Company's primary activity is that of being an international oil and gas production, development and exploration business.
The Company has a portfolio of oil and gas assets in Italy and Africa. The Group's principal assets are held through:

(i) its wholly owned subsidiary, Zenith Overseas Assets Ltd ("**Zenith Overseas**"), which holds a 22.5% interest in the Sidi El Kilani Concession in Tunisia;

(ii) its wholly owned subsidiary, Zenith Energy Africa Limited ("**Zenith Africa**"), which holds a 45% interest in the Tunisian onshore Ezzaouia Concession ("Ezzaouia");

(iii) its wholly owned subsidiary, Compagnie Du Desert Ltd ("**CDD**"), which holds a 100% interest in the El Bibane and Robbana concessions in Tunisia; and

(iv) Canoel Italia S.r.l. (in which the Company has a 98.64% shareholding), which holds various working interests in 13 onshore exploration and production properties in Italy.

The Company is seeking to acquire further oil and gas assets in West Africa, the United Stated and other areas to complement its existing assets in Italy and Tunisia.

The Company's strategy is, among other things, to (i) grow through international acquisitions; (ii) increase the production and reserves from its international inventory of oil and gas assets; (iii) target its operations towards areas with advantageous access points for its exploration activities with a reasonably stable economic and business environment; (iv) develop a balanced portfolio of short, medium and long-term opportunities; (v) seek innovative ways to unlock value; (vi) achieve and maintain a robust, well-funded business with the financial flexibility to fund high-impact exploration, appraisal and development programmes; and (vii) unlock oil and gas reserves still unexploited in old and marginal oil and gas fields through the use of new technology.

Principal risks and uncertainties

The Group operates in an uncertain environment and is subject to a number of risk factors. The Directors consider the following risk factors are of particular relevance to the Group's activities and to any investment in the Group. It should be noted that the list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply. The risk factors are summarized below:

The impact of global oil prices on the Company

Demand for oil and gas is closely related to the health of the world economy while supply is determined more by political matters. The price of oil and gas is set at a global level with small variances for local conditions. Zenith is a very small producer and the price it receives for the oil and gas it produces is determined by global supply and demand factors beyond its control.

Oil and gas prices depend on numerous factors over which the Group does not have any control, including global supply, international economic trends (such as the current downturn caused by COVID-19), currency exchange fluctuations, inflation, consumption patterns and global or regional political events.

The Group's financial performance may therefore be substantially impacted both positively and negatively by factors. Changes in global prices for oil and gas may result in the Group no longer being able to produce oil and/or gas on a profitable basis. Historically, international crude oil and natural gas prices have fluctuated widely. A material decline in the price of crude oil or natural gas would have a material adverse effect on the Group's financial results and reserves estimates.

Risks in connection with the war in Ukraine

The protraction of Russia's military aggression of Ukraine commenced last February has made the outlook for the remainder of 2022 and for the medium term all the more uncertain and unpredictable.

Zenith is exposed to a major systemic risk that a prolonged conflict, an enlargement of military operations, the impacts of the economic sanctions imposed by the international community against Russia. The possible unilateral interruptions of hydrocarbons exports to Europe by Russia as retaliation could dampen investors or consumers' confidence, causing a delay or a halt in spending decisions.

Those developments could trigger a slowdown in the macroeconomic cycle, a stagnation or, under the worst possible outcome, a global recession. Those could negatively and significantly affect demand for hydrocarbons, which is very sensitive to macroeconomic trends, leading to a decline in hydrocarbon prices that are the main driver of the Group's results of operations and cash flow.

In response to Russia's military aggression of Ukraine, the EU, the USA, and the UK have adopted economic and financial sanctions designed to weaken Russia's ability to fund the war operations.

The EU sixth sanction package of restrictive measures against Russia was enacted June 3, 2022, and is particularly relevant to the Oil & Gas sector.

The new sanctions will phase out Russian oil imports to EU in an orderly fashion. For seaborne crude oil, spot market transactions and execution of existing contracts will be permitted for six months after entry into force, while for petroleum products, these will be permitted for eight months after entry into force. A waiver is granted to certain EU Member States who have a particular pipeline dependency on Russia and can continue to receive crude oil delivered by pipeline, until the Council decides otherwise. Finally, after a wind down period of 6 months, EU operators will be prohibited from insuring and financing the transport, particularly through maritime routes, of Russian oil to third countries.

The EU has also adopted the REPowerEU plan to end dependence on Russian fossil fuels as soon as possible and well before 2030 by means of an articulated set of actions and instruments targeting the energy saving, an acceleration in the green transition, a diversification of supplies and leaner procedures to sanction capital investments.

Zenith has no direct or indirect engagement in the Russian upstream sector, being its production located in different parts of the world, so the Group has no exposures towards Russia. In addition, Zenith is currently taking into consideration new opportunities for development, investment, and expansion of its portfolio, taking advantage of possible contingent market situations.

A substantial portion of the Group's assets and operations outside of Europe are exposed to political and economic risks, and future disruptions may have a material adverse effect on THE GROUP's business

A significant portion of the Group's oil and gas assets and of the Group's supply sources is located in countries outside of the European Union – with developing economies or unstable political environments. As a result, a significant portion of the Group's revenue is derived from, or is dependent on, countries in which the Group's operations are exposed to economic and political risks, including expropriation and nationalization of property, civil strife and acts of war or terrorism. In addition, in certain countries in which the Group is active, it may be difficult to repatriate investment and profits. If it is perceived that the Group is not respecting or advancing the economic and social progress of the communities in which it operates, its reputation and shareholder value could be damaged. Any future disruptions may have a material adverse effect on the Group's business, results of operations and financial condition.

Activities in the oil and gas sectors can be dangerous, posing health, safety and environmental risks

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property as well as the environment or personal injury.

In particular, the Group may produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in a liability to the Group.

In accordance with industry practice, the Group is not fully insured against all of these risks, nor are all such risks insurable. Although the Group maintains liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Group could incur significant costs. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations.

Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Risks relating to the Group's business strategy

The Group is dependent on the ability of the Directors to identify suitable investment opportunities and to implement the Group's strategy. There is no assurance that the Group's activities will be successful in implementing its strategy of acquiring a suitable investment that will ultimately be developed.

Environmental and other regulatory requirements

The event of a breach with any environmental or regulatory requirements may give rise to reputational, financial or other sanctions against the Group, and therefore the Board consider these risks seriously and designs, maintains and reviews its policies and processes so as to mitigate or avoid these risks. Whilst the

Board has a good record of compliance, there is no assurance that the Group's activities will always be compliant.

Government intervention and regulation may have a material adverse effect on Zenith's business. Zenith might not be able to comply with its obligations under licences.

The oil and gas industry is subject to regulation and intervention by governments, in particular in matters such as the award of exploration and production interests, restrictions on production and exports, environmental measures, control over the development and abandonment of fields and installations, the nationalization or renationalization of assets, imposition of specific drilling obligations, environmental and health and safety protection controls and other risks relating to changes in local government regimes and policies.

In addition, Zenith has to comply with conditions contained in licenses, such as operating permits. A failure by Zenith to comply with substantial conditions might lead to governmental intervention. Any violations of substantial conditions may therefore have a material adverse effect on Zenith's business, results of operations and financial condition.

Zenith buys, sells and trades oil and gas products in certain regulated commodity markets. The oil industry is also subject to the payment of royalties and taxation, which tend to be high compared with those payable in respect of other commercial activities and operates in certain tax jurisdictions that feature a degree of uncertainty relating to the interpretation of, and changes to, tax law. As a result of new laws and regulations or government interventions, Zenith could be required to curtail or cease certain operations, or Zenith could incur additional costs, all of which may have a material adverse effect on Zenith's business, results of operations and financial condition.

Lack of diversification of the Company's business activity

The Company is currently only involved in oil production in Africa and natural gas and electricity production in Italy. Therefore, any legal, regulatory or other change of the framework conditions in one of those national industries may have a substantial negative effect on the financial situation of the whole Group, since it will likely not be able to compensate negative effects that appear in one field of business with its business activities in another area of operations.

Financing

The Board are seeking to grow and acknowledge that financing could depend upon the Group's ability to obtain financing primarily through a further raising of new equity capital. The Group's ability to raise further funds may be affected by the success of its investments both in terms of both in terms of acquisitions and developing its asset base. The Group may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, the Group may be required to reduce the scope of its operations. Further, Shareholders' holdings of Ordinary Shares may be materially diluted if debt financing is not available.

Market conditions

Market conditions, including general economic conditions and their effect on exchange rates, interest rates and inflations rates, may impact the ultimate value of the Group regardless of its operating performance. The Group also faces competition from other organizations, some of which may have greater resources or be more established in a particular territory. The Board considers and reviews all market conditions to mitigate any risks that may arise from these.

The protraction of Russia's military aggression of Ukraine commenced last February has made the outlook for the remainder of 2022 and for the medium term all the more uncertain and unpredictable.

Zenith is exposed to a major systemic risk that a prolonged conflict, an enlargement of military operations, the impacts of the economic sanctions imposed by the international community against Russia. The possible unilateral interruptions of hydrocarbons exports to Europe by Russia as retaliation could dampen investors or consumers' confidence, causing a delay or a halt in spending decisions.

Those developments could trigger a slowdown in the macroeconomic cycle, a stagnation or, under the worst possible outcome, a global recession. Those could negatively and significantly affect demand for hydrocarbons, which is very sensitive to macroeconomic trends, leading to a decline in hydrocarbon prices that are the main driver of the Group's results of operations and cash flow.

Zenith has no direct or indirect engagement in the Russian upstream sector, being its production located in different parts of the world, so the Group has no exposures towards Russia. In addition, Zenith is currently taking into consideration new opportunities for development, investment, and expansion of its portfolio, taking advantage of possible contingent market situations.

Substantial shareholders

As of June 6, 2022, the total number of issued Common Shares with voting rights in the Company is:

Class of share	Total number of shares	Number of voting rights per share	Total number of voting rights per class of share
Common Shares in issue and admitted to trading on the Main Market of the London Stock Exchange	1,931,370,745	1	1,931,370,745
Common Shares in issue and admitted to trading on the Euronext Growth Market of the Oslo Stock Exchange	2,310,302,537	1	2,310,302,537

Directors' interest

This table represents the Directors' interests in the Company, as of the date of publication of this report:

PARTY NAME	2023		2022	
	NUMBER OF ORDINARY SHARES	% OF SHARE CAPITAL	NUMBER OF ORDINARY SHARES	% OF SHARE CAPITAL
ANDREA CATTANEO	167,163,912	7.24	102,468,240	5.47
LUCA BENEDETTO	27,726,716	2.20	-	-
SERGEY BOROWSKIY	3,849,289	0.17	3,849,289	0.21
DARIO SODERO (1)	77,500	0.01	77,500	0.01
JOSE RAMON LOPEZ-PORTILLO	48,000	0.01	48,000	0.01

1) Mr. Sodero controls 77,500 Common Shares of the Company in indirect ownership. The 77,500 Common Shares in which Dario Sodero has a beneficial interest are held by Planaval Resources Ltd., a company controlled by Mr. Sodero. Mr. Sodero owns 100% of the share capital of Planaval Resources Ltd.

The Company has been notified of the following interests of 3 percent or more in its issued share capital as at the date of approval of this report.

PARTY NAME	2023		2022	
	NUMBER OF ORDINARY SHARES	% OF SHARE CAPITAL	NUMBER OF ORDINARY SHARES	% OF SHARE CAPITAL
ANDREA CATTANEO	167,163,912	7.24	102,468,240	5.47
Nordnet AB	135,363,582	5.86	106,392,105	5.68

Dividends

The Directors do not propose a dividend in respect of the year ended March 31, 2023 (March 31, 2022: nil).

Events subsequent to the year end

Details of events subsequent to the year-end are set out in note 30.

Going concern

The Group's business activities, together with facts likely to affect its future operations and financial and liquidity positions are set out in the Chairman's Statement. In addition, note 26 to the financial statements discloses the Group's financial risk management policy and note 2 details out further considerations made by the Directors in respect of going concern. Their consideration has included a review of forecasts, the repayment and the restructuring of loans, the ability for fund raise and an assessment relating to two post year-end events that may affect the future cashflows of the Company, in particular:

1. . On **July 3, 2023,** the Company announced that its fully owned subsidiary, Anglo African Oil & Gas Congo S.A.U ("AAOGC"), has been awarded a payment of compensatory damages by the Paris Commercial Court (the "Court") in its claim against SMP Energies (hereafter "SMP", formerly Société de Maintenance Pétrolière - SMP) the rig contractor that performed drilling services in wells TLP-103 and TLP-103C of the Tilapia oilfield during 2018-2019.

   In the decision, the Court rejected SMP's request for a stay of proceedings in France due to new proceedings having been initiated in the Republic of the Congo, stating that SMP's request contained "all the characteristics of a dilatory request", and ordered it to pay an amount of EUR 30,000 to AAOGC by way of compensatory damages. The Court decision is immediately enforceable.

   The Court has scheduled the next procedural date as September 29, 2023.

2. On **July 10, 2023,** the Company announced that it has successfully obtained a 'conservative seizure' for an amount equivalent to approximately US$6.5 million deposited in a bank account in Switzerland under the name of ETAP, Entreprise Tunisienne d'Activités Pétrolières, the national oil company of the Republic of Tunisia (the "Conservative Seizure").

   The Conservative Seizure has been undertaken to avoid the risk of funds being dissipated or diverted while legal proceedings are ongoing.

   On June 7, 2023, the Company announced that its subsidiaries had initiated various legal proceedings against the Republic of Tunisia, with a total cumulative claimed amount of at least US$48 million.

The Directors therefore have made an informed judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have adopted the going concern basis of accounting in the preparation of the annual financial statements. Further details on assumptions and conclusions drawn on going concern are included in the statement of going concern included in note 2 to the financial statements.

Auditors

RPG Crouch Chapman LLP, 5th Floor, 14-16 Dowgate Hill, London EC4R 2SU, United Kingdom, is the Issuer's external auditor since 15th April 2023.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

The Directors are required to prepare financial statements for each financial year. The Directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB"). The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs as issued by the IASB have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Approved by the Board dated on March 29, 2024

Signed ....
Jose Ramon Lopez-Portillo Chairman

GOVERNANCE REPORT

General

As Zenith Energy Ltd has a standard listing within the United Kingdom, it is not required to comply with the Financial Conduct Authority's requirements report on compliance with, and application of, the UK Corporate Governance Code. The disclosures below, however, are required by Disclosure Guidance & Transparency Rules and NI 58-101 Disclosure of Corporate Governance Practices. The board of directors (the "**Board**") of Zenith Energy Ltd. (the "**Company**") has not adopted a Governance Code as the size of the Company and the number of staff at the parent Company does not warrant the adoption of such code, however, the Board recognizes that good corporate governance is of fundamental importance to the success of the Group and procedures are in place in operating entities. The Group's governance practices are the responsibility of the Board.

Leadership

The Group is headed by an effective Board which is collectively responsible for the long-term success of the Group. The role of the Board is to oversee the activity of management and to decide the strategy going forward. The role of the Non-Executive Directors is to review and monitor the activity of the Directors and managers that are involved in the operations of the Group. Acquisitions and disposals, borrowing facilities, equity issuances and any other major decisions out of the ordinary course of business are specifically reserved for the Board.

The Board is formed by a highly incentivized and committed group of individuals, including founders of the Group with significant interest in the common share capital of the Group, that understand and believe in the Group's strategy, providing their support even without an effective remuneration, waiting for the desired development to lead to financial conditions such that the recognition of a fee does not divert funds from investments.

Mr Borowskiy was unable to attend certain Board meetings due to other professional commitments and time zone differences. However, he has provided consistent support and constant interaction with the Company's management, specifically in relation to the Company's fruitful new relationship with CNPC.

The Directors attendance to meetings up to the date of this report was as follows:

Date of Board Meeting	Jose Ramon Lopez-Portillo	Andrea Cattaneo	Dario Ezio Sodero	Sergey Borowskiy	Luca Benedetto
29/08/2022 (B)	-	✓	✓	✓	✓
25/11/2022 (AC)	✓	✓	✓	✓	✓
09/03/2023 (B)	✓	✓	✓	✓	✓

AC: Audit Committee Meeting – B: Board Meeting

The Board

The Board is ultimately responsible for the effectiveness of the Group's system of internal controls. The Board verifies the implementation and effectiveness of the system that the top and middle management have implemented in the Group to prevent losses, fraud, corruption and misuse of assets, human resources and

cash. Its key strategy has been to establish financial reporting procedures that provide the Board of Directors with a reasonable basis to make judgements as to the financial position and prospects of the Group.
Executive directors and non-executive directors have been appointed by the Board to assist with the implementation of this strategy and report progress to the Board. All the non-executive directors are considered independent from executive directors and management.

The Group's board of directors consists of five members namely

- Jose Ramon Lopez-Portillo (Chairman and Non-Executive Director)
- Andrea Cattaneo (President, CEO and Director)
- Luca Benedetto (CFO and Director)
- Dario Ezio Sodero (Non-Executive Director)
- Sergey Borowskiy (Non-Executive Director)

As demonstrated by the background of the directors and managers, the Board present a large diversity in citizenship, age, education, profession and religion. The Board is committed to equal opportunities and intends to appoint a female Non-Executive Director in the near future.

Directorships and partnerships

In addition to their respective roles and directorships at the Group, the Directors are members of the administrative, management or supervisory bodies (the "**directorships**") or partners of the following companies or partnerships:

Name	Current directorships/partnerships
Jose Ramon Lopez-Portillo	Hybridair Ltd World SkyCat Ltd
Luca Benedetto	Ajax Resources Plc
Andrea Cattaneo	–
Dario Ezio Sodero	Planaval Resources Ltd
Sergey Borovskiy	ITI Capital Asia Kaisun Holdings General Transactions Inc. National Agency for Direct Investment (NAPI). South China Heavy Industries Group

Orientation and continuing education

The Board is responsible for the orientation and education of new members of the board of directors and all new directors are provided with copies of the Group's board and committee mandates and policies, the Group's by-laws, documents from recent Board meetings and other reference materials relating to the duties and obligations of directors, the business and operations of the Group. New directors are also provided with opportunities for meeting and discussions with senior management and other directors.
Prior to joining the board, each new director will meet with the Chief Executive Officer of the Group. Such officer is responsible for outlining the business and prospects of the Group, both positive and negative, with a view to ensuring that the new director is properly informed to commence his duties as a director.

Each new director is also given the opportunity to meet with the auditors and counsel to the Group. As part of the annual Board of Directors' assessment process, the Board of Directors determines whether any additional education and training is required for its members.

Ethical business conduct

The directors encourage and promote a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility. In addition, the Group has adopted a Code of Conduct which addresses the Group's continuing commitment to integrity and ethical behaviour. The Code of Conduct establishes procedures that allow directors, officers and employees of the Group to confidentially submit their concerns to the Chief Executive Officer or the Chairman of the Board regarding questionable ethical, moral, accounting or auditing matters, without fear of retaliation. To the Group's knowledge there have been no departures from this Code of Conduct that would necessitate the filing of a material change report. A copy of the Code of Conduct is available to review at the head office of the Group during business hours.

Nomination of Directors

The Board as a whole is responsible for identifying suitable candidates to be recommended for election to the Board by the shareholders of the Group, with the goal of ensuring that the Board consists of an appropriate number of directors who collectively possess the competencies identified as being appropriate to the effectiveness of the Board as a whole.

Remuneration

The Remuneration Committee is responsible for reviewing the Group's overall compensation strategy, as well as being responsible for reviewing and recommending for approval for the salary and compensation of the Group's executive officers.

The Remuneration Committee also reviews the compensation of the outside directors on an annual basis, taking into account such matters as time commitment, responsibility and compensation provided by comparable organizations.

The remuneration for key management personnel, specifically those persons having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly, are detailed in the following note 7-(b) Key management compensation.

Board Committees

The Group's Board of Directors has three committees, the Audit Committee, the Remuneration Committee and the Corporate Governance Committee.

(a) Audit Committee

The Audit Committee comprises Jose Ramon Lopez-Portillo, Dario Sodero and Sergey Borowskiy and is chaired by Dario Sodero. The Audit Committee meets at least once a year and otherwise as required. It has responsibility for ensuring that the financial performance of the Company is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Group (including annual and interim accounts and results announcements), reviewing the effectiveness of the

Group's internal control review function and risk management systems, reviewing any changes in accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors. The Audit Committee has unrestricted access to the Group's external auditors. The ultimate responsibility for reviewing and approving the annual reports and accounts and the interim reports remains with the Board. The Audit Committee gives due consideration to laws and regulations and the requirements of the Listing Rules. The Group has an Audit Committee Charter.

(b) Remuneration Committee

The Remuneration Committee comprises Jose Ramon Lopez-Portillo, Dario Sodero and Sergey Borowskiy and is chaired by Sergey Borowskiy. The Remuneration Committee has not met during the year ended 31 March 2023. The Remuneration Committee has responsibility for determining the Group's policy on the remuneration packages of the Group's chief executive, the chairman, the executive and non-executive directors and other senior executives. The Remuneration Committee also has responsibility for (i) recommending to the Board a compensation policy for directors and executives and monitoring its implementation; (ii) approving and recommending to the Board and the Group's Shareholders the total individual remuneration package of the chairman, each executive and non-executive director and the chief executive officer (including bonuses, incentive payments and share options or other share awards); and (iii) approving and recommending to the Board the total individual remuneration package of all other senior executives (including bonuses, incentive payments and share options or other share awards), in each case within the terms of the Group's remuneration policy and in consultation with the chairman of the Board and/or the chief executive officer. No Director or manager may be involved in any discussions as to their own remuneration.

(c) Corporate Governance Committee

The Corporate Governance Committee comprises Sergey Borovskiy, Dario Sodero and Jose Ramon Lopez-Portillo and is chaired by Jose Ramon Lopez-Portillo. The Corporate Governance Committee has not met during the year ended 31 March 2023. The Corporate Governance Committee ensures that the Group has in place sufficient procedures, resources and controls to enable it to comply with its continuing obligations as a company admitted to the Standard Segment of the Official List. The Corporate Governance Committee also monitors the Group's procedures to approve (a) announcements to ensure that the information disclosed by the Group is timely, accurate, comprehensive and relevant to the business of the Group and (b) any share dealings by directors or employees or announcements made by the Group to ensure compliance with the Group's policies, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and the Listing Rules and such other regulations to which the Group is subject from time to time.

Assessments

The Remuneration Committee is responsible for developing an annual assessment of the overall performance of the Board and its committees.

The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. To date, the Remuneration Committee and the Board have not put into place a formal process for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Group's size, its stage of development and the number of individuals on the Board of Directors, the Remuneration Committee and the Board consider a formal assessment process to be inappropriate at this time. The Remuneration Committee and the Board plan to continue evaluating the Board's effectiveness on an ad hoc basis.

CLIMATE RELATED FINANCIAL DISCLOSURES

Introduction

The Board recognises that transparency regarding climate-related risks and opportunities is critical to maintaining the trust of our stakeholders and allows our investors to understand the implications of the Company's activities on climate change. The Board's consideration of key environmental risks is included under the principal risks and uncertainties section of the Director's Report. The Board also presents the following synthesis of its adoption of the recommendations of the Task Force on Climate-related Financial Disclosures (the "TCFD"), structured into four sections: Governance, Risk Management, Strategy and Metrics & Targets.

Governance

The Board actively oversees The Company's investment strategy. At each Board meeting our Board engages in robust discussions about its current investments and any potential investment opportunities where they address any emerging challenges and disruptions. At the same time, our Board works with senior management to develop a comprehensive view of the Company's short and long-term business risks. Both the Board and senior management team recognise that operating responsibly, which includes minimizing the environmental impact of our operations, is fundamental to the long-term success of the Company. We believe building a better future involves embedding climate awareness throughout our organization, starting at the top.
The Board oversees the management of specific risks and opportunities, including climate-related risks and opportunities. The senior management team provides regular updates to our Board on their activities and, in addition, the Board reviews the risks associated with the Company's investment strategy throughout the year.

Risk Management

The Board recognises that climate change risk is a global issue that may impact how we run our business, both today and in the future. As such, we continue to look for ways to improve our understanding of climate-related risks. However, although the impact of climate change is relatively low at this stage in the Company's development, we are conscious that "doing nothing" isn't an acceptable response to the impact climate change may have on the business in the future. We are therefore working to integrate climate risk variables into our overall risk management process and establish formal multi-disciplinary processes that engage both the Board and senior management team.

Strategy

The Company operates from a corporate head office in Canada but holds investments in several global jurisdictions including Italy, USA, Tunisia, Sudan, and Kazakhstan. The nature of these investments includes oil and gas extraction and electricity production. The Board is conscious of the inherent environmental risks associated with the extraction of natural resources and the production of energy. However, the Board actively encourages its investment partners to operate within international environmental guidelines and to perform its activities using the most up-to-date equipment.

Metrics & Targets

The Board is committed to reducing its impact on the environment in all aspects of its business activities and in all jurisdictions in which it operates. The Board engages with all its key stakeholders and partners and encourages the reduction of CO2 emissions throughout the value chain to promote an environment that actively strives towards achieving 'net zero' by 2035. However, at this stage in the Company's development there are no formal metrics or targets to measure the Company's emissions against, but the Board continues to review the need to implement metrics & targets.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZENITH ENERGY LTD. FOR THE YEAR ENDED 31 MARCH 2023

Opinion
We have audited the financial statements of Zenith Energy Ltd. (the 'group') for the year ended 31 March 2023 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Consolidated statement of financial position, the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2023 and of the group's loss for the year then ended; and
- have been properly prepared in accordance with IFRS.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter
We draw attention to note 13 of the financial statements which states that MARETAP has failed to provide inventory reports as at the year-end date. The closing Oil & Gas inventory has, therefore, been estimated based on verifiable inputs.

We also draw attention to note 14 of the financial statements, which states that the Group's customers are state-owned enterprises. The Group is engaged in recovering accounts receivable amounting to CAD£10.1m in Tunisia and management have assessed that the likelihood of recovery is strong. Accordingly no provision has been recognised in these accounts.

Our opinion is not modified with respect to these matters.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Review of managements cash flow projections for the period ended 30 December 2024;
- Review of management's assumptions based on historical expenditure and contractual commitments;
- Sensitivity analysis on cash flow forecast to consider the available headroom under different reasonably possible scenarios;
- Consideration of certainty of receipt of finance inflows including review of conditions precedent on financing agreements; and
- Review of adequacy and completeness of disclosures in the financial statements in respect of the going concern assumption.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit
In planning our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to issue an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

Key Audit Matters
Key audit matters are those that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The use of the Going Concern basis of accounting was assessed as a key audit matter and has already been covered in the previous section of this report. The other key audit matters identified are noted below.

Key audit matter	How our work addressed this matter
Carrying value of PPE The most significant assets of the group as at March 2023 were PPE of CAD$227.6m comprising oil and gas properties. Management are required to use their estimation and judgement in assessing the carrying value of PPE for impairment. Given the subjectivity and number of estimates involved in any such assessment, we consider this to be a key audit matter.	**Our work included:** • Reviewing management's assessment of recoverable amount and critically assessing all inputs; • Reviewing the underlying economic models used in the Competent Persons Report ("CPR") from which the valuation arises and challenging the key assumptions therein including: • Ensuring that the Competent Person had the relevant expertise to perform their work to the appropriate level of skill; • Comparing commodity price assumptions to future prices; • Challenging key inputs into the models including the discount rates used and benchmarking them where appropriate; • Reviewing the CPR for accuracy and performing sensitivity analysis of the various underlying assumptions; • Assessing the carrying value by considering the range of valuations indicated by the differing scenarios; • Considering the ability of the group to perform the required site development to ensure the site can meet production levels included in and underlying the CPR valuation and to have access to the capital resources required to develop projects successfully; and • Reviewing the work performed by the component auditors and requesting additional procedures where required.

Key audit matter	How our work addressed this matter
Carrying value of decommissioning provision We expect that there will be a significant number of estimates that require judgement and have therefore assessed that this is a key audit matter.	**Our work included:** • Assessing the estimated abandonment costs for key production assets; • Considering the professional expertise of third parties engaged to produce these estimates; and • Reviewing supporting data and requesting additional procedures where required.
Ongoing litigations The company has various litigations and arbitrations ongoing. There may be undisclosed liabilities in relation to the litigations, hence why we consider this to be a key audit matter.	**Our work included:** • Enquire with management all the ongoing litigations as well as litigations which have been resolved and the outcome; • Enquire regarding the existence of possible losses arising from litigations and claims; • Determining whether an associated contingent asset or liability needs to be recognised in the financial statements; • Review the accounting records for the accounting year and the period after the year end for any evidence of future liabilities based on events which occurred during the year; • Contact solicitors to discuss legal cases which are ongoing and assess the probability of an unfavourable outcome; and • Assess the impact of litigations on the financial statements and disclosures.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We consider gross assets to be the most significant determinant of the Group's financial performance used by the users of the financial statements. We have based materiality on 1% of reported gross assets for the group. Overall materiality for the group was therefore set at CAD$2.6m.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks within which the Group operates focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.
- We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Other matters that we are required to address
We were appointed on 17 February 2023 and this is the first year of our engagement as auditors for the Group.

We confirm that we are independent of the Group and have not provided any prohibited non-audit services, as defined by the Ethical Standard issued by the Financial Reporting Council.

Our audit report is consistent with our additional report to the Audit Committee / Board of Directors explaining the results of our audit.

Use of our report
This report is made solely to the parent company's members, as a body. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RPG Crouch Chapman LLP
Mark Wilson MA, FCA (Senior Statutory Auditor)
For and on behalf of **RPG Crouch Chapman LLP**

Chartered Accountants
Registered Auditor
40 Gracechurch Street
London
EC3V 0BT
29 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Financial year ended	
		March 31, 2023	**March 31, 2022**
Continuing operations	**Note**	**CAD $'000**	**CAD $'000**
Revenue		13,159	8,239
Cost of sales			
Production costs		(5,750)	(2,217)
Depletion and depreciation	11	(4,747)	(2,242)
Gross profit		**2,662**	**3,780**
Administrative expenses	5	(8,596)	(12,526)
Operating loss		**(5,934)**	**(8,746)**
Gain on business combination	6	-	75,907
Other gains and losses	8	(3,115)	(145)
Finance expense	9	(3,161)	(2,278)
(Loss)/Profit for the year before taxation		**(12,210)**	**64,738**
Taxation	10	(617)	(301)
(Loss)/Profit for the year from continuing operations attributable to owners of the parent		**(12,827)**	**64,437**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(3,310)	(183)
Other comprehensive (loss)/income for the year, net of tax		**(3,310)**	**(183)**
Total comprehensive (loss)/income for the year attributable to owners of the parent		**(16,137)**	**64,254**
Earnings per share	21	**CAD $**	**CAD $**
(Loss)/Profit for the year - basic		(0.01)	0.03
(Loss)/Profit for the year – diluted		(0.01)	0.02

The notes on pages 35 to 90 form part of the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Financial year ended March 31, 2023	March 31, 2022
ASSETS	**Note**	**CAD $'000**	**CAD $'000**
Non-current assets			
Property, plant and equipment	11	227,565	229,774
Financial assets at amortised cost	12	780	752
		228,345	**230,526**
Current assets			
Inventory	13	6,448	8,446
Trade and other receivables	14	26,676	19,175
Cash and cash equivalents		1,442	1,153
		34,566	**28,774**
TOTAL ASSETS		**262,911**	**259,300**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	16	64,087	60,121
Share warrants & option reserve	17	5,329	5,284
Contributed surplus		5,441	4,753
Retained earnings		16,795	32,932
Total equity		**91,652**	**103,090**
Non-current liabilities			
Loans	19	-	1,442
Non-convertible bonds	20	25,247	10,076
Deferred consideration payable	6	67,372	67,372
Deferred tax liabilities	10	14,231	14,231
Decommissioning provision	20	32,645	30,901
Provision		606	585
Total non-current liabilities		**140,101**	**124,607**
Current Liabilities			
Trade and other payables	18	19,749	22,074
Loans	19	8,697	6,533
Non-convertible bonds	19	-	284
Deferred consideration payable	6	2,712	2,712
Total current liabilities		**31,158**	**31,603**
TOTAL EQUITY AND LIABILITIES		**262,911**	**259,300**

Approved by the Board on March 29, 2024

Signed ....
Andrea Cattaneo – CEO & President
The notes on pages 35 to 90 form part of the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent				
	Share capital	Share warrants & option reserve	Contributed surplus	Retained earnings	Total
	CAD $'000	CAD $'000	CAD $'000	CAD$'000	CAD $'000
Balance as at March 31, 2021	**48,017**	**2,465**	**4,643**	**(31,322)**	**23,803**
Profit for the year	-	-	-	64,437	64,437
Other comprehensive income	-	-	-	(183)	(183)
Total comprehensive income	-	-	-	64,254	64,254
Share issue net of costs – debt settlement	3,771	-	-	-	3,771
Share issue net of costs - private placement	7,523	-	-	-	7,523
Value of warrants issued	-	1,544	-	-	1,544
Value of options issued	-	1,385	-	-	1,385
Exercise of warrants	810	-	-	-	810
Fair value of options expired	-	(64)	64	-	-
Warrants expired	-	(46)	46	-	-
Total transactions with owners recognised directly in equity	12,104	2,819	110	-	15,033
Balance as at March 31, 2022	**60,121**	**5,284**	**4,753**	**32,932**	**103,090**
Loss for the year	-	-	-	(12,827)	(12,827)
Other comprehensive income	-	-	-	(3,310)	(3,310)
Total comprehensive income	-	-	-	(16,137)	(16,137)
Share issue net of costs – debt settlement	110	-	-	-	110
Share issue net of costs - private placement	3,856	-	-	-	3,856
Value of warrants issued	-	733	-	-	733
Warrants expired	-	(572)	572	-	-
Options value adjustment	-	(116)	116	-	-
Total transactions with owners recognised directly in equity	3,966	45	688	-	4,699
Balance as at March 31, 2023	**64,087**	**5,329**	**5,441**	**16,795**	**91,652**

Reserve	**Description and purpose**
Share capital	Amount subscribed for share capital
Share warrants & option reserve	Relates to increase in equity for services received – equity settled share transactions
Contributed surplus	Expired share options and warrants issued in previous years
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

The notes on pages 35 to 90 form part of the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Financial year ended	
		March 31, 2023	March 31, 2022
OPERATING ACTIVITIES	**Note**	**CAD $'000**	**CAD $'000**
Profit for the year before taxation		(12,210)	64,738
Options/warrants charge	17	733	2,929
Foreign exchange		(6,037)	(1,002)
Gain on business combination		-	(75,907)
Depletion and depreciation	11	4,747	2,242
Impairment of property, plant and equipment	11	1,969	140
Impairment of inventory		1,146	5
Accretion of decommissioning provision		642	-
Finance expense	9	2,764	1,929
Change in working capital	15	(9,598)	(8,204)
Net cash used in operating activities		**(15,844)**	**(13,130)**
INVESTING ACTIVITIES			
Consideration paid on business combination (net of cash acquired)	6	-	(2,109)
Purchase of property, plant and equipment	11	(430)	(56)
Net cash used in investing activities		**(430)**	**(2,165)**
FINANCING ACTIVITIES			
Proceeds from issue of shares, net of transaction costs		3,966	5,443
Proceeds from exercise of warrants and options		-	810
Finance Expense	9	(2,192)	(1,659)
Repayments of loans	19	(5,248)	(3,322)
Proceeds from loans	19	5,432	10,322
Proceeds from issue of bonds	19	15,156	7,860
Repayment of bonds	19	(551)	(4,637)
Net cash generated from financing activities		**16,563**	**14,817**
Net increase / (decrease) in cash and cash equivalents		289	(478)
Cash and cash equivalents at beginning of year		**1,153**	**1,631**
Cash and cash equivalents at end of year		**1,442**	**1,153**

Notes to the financial statements

1. Corporate and Group information

The consolidated financial statements of Zenith Energy Ltd. and its subsidiaries (collectively, the "**Group**") have been prepared on the basis set out below. Zenith Energy Ltd are exempt from the preparation of separate parent company financial statements for the year ended 31 March 2023 in line with the Canada Business Corporations Act.

Zenith Energy Ltd. ("**Zenith**" or the "**Group**") was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on September 20, 2007 and is domiciled in Canada. The address of the Group's registered office is 20th Floor, 250 Howe Street, Vancouver, BC. VC6 3R8, Canada and its business address is 15th Floor, 850 - 2nd Street S.W., Calgary, Alberta T2P 0R8, Canada. The Group's primary business activity is the international development of oil and gas production and development assets. As publicly reported, the Group is currently in the process of seeking to complete a number of acquisitions in Africa, the United States and Middle East.

The Company's website is: www.zenithenergy.ca.

Zenith is a public company listed on the Main Market of the London Stock Exchange under the ticker "**ZEN**", and with its entire common share capital admitted to trading on the Euronext Growth Oslo under the ticker "**ZENA**".

2. Basis of preparation

The consolidated financial statements presented in this document have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

The financial statements have been prepared under the historical cost convention except for financial instruments which are measured at fair value through profit or loss. The financial statements are presented in Canadian Dollars (CAD$) and have been rounded to the nearest thousand (CAD$'000) except where otherwise indicated.

The Board has reviewed the accounting policies set out below, which have been applied consistently, and considers them to be the most appropriate to the Group's business activities.

Presentation and functional currency

The presentation currency of the Group is the Canadian dollar ("**CAD$**").

Functional currency is the currency of the primary economic environment in which a company operates. The functional currencies of the Group's subsidiaries are; United States ("**US$**") dollars for the subsidiaries in Tunisia, Dubai, British Virgin Islands and Democratic Republic of Congo, Euros ("**EUR**") for the subsidiary in Italy, Sterling ("**GBP**") for the subsidiary in the United Kingdom, Swiss Francs ("**CHF**") for the subsidiary in Switzerland and Norwegian Krone ("**NOK**") for the subsidiary in Norway.

The functional currency is determined by the Directors by looking at a number of relevant factors including the currency in which Group entities usually generate and spend cash and in which business transactions are normally denominated.

All of the transactions that are not in the functional currency are treated as foreign and indicate currency transactions.
The factors that have determined the adoption of the CAD $ as presentation currency include:

- mainly affects the prices at which the goods or services are consolidated;
- Canada is the country whose regulations, market conditions and competitive forces mainly affect the pricing policy of the entity;
- influences the costs and expenses of the entity;
- the funds are usually generated in that currency; and
- the receipts from operating activities are retained in that currency.

Going concern

These financial statements have been prepared on a going concern basis which presumes that the Group will continue its operations in the normal course of business for the foreseeable future. In assessing whether going concern assumption is appropriate, the Directors have taken into account all relevant available information about the current and future position of the Group. As part of their assessment, the Directors have also taken into account the ability to raise additional funding whilst maintaining sufficient cash resources to meet all commitments.

The Directors have reviewed the cash flow forecasts prepared by management up to and including August 2024, which are prepared on the basis that the Group continues to hold title to the Tunisian and Italian oil and gas asset and which takes into account the fund raises completed post year end, as well as loan and bond repayments which fall due within 12 months of the date of the signing of the financial statements. The cashflow forecasts also include the investments in respect of the proposed acquisitions in the United States and provisions about its claim in Congo against SMP Energies (hereafter "SMP", formerly Société de Maintenance Pétrolière - SMP) the rig contractor that performed drilling services in wells TLP-103 and TLP-103C of the Tilapia oilfield during 2018-2019, and the various legal proceedings against the Republic of Tunisia, with a total cumulative claimed amount of at least US$48 million.

In addition the Company, as announced, is seeking to acquire new producing assets, that will deeply modify its current cash generation situation, at the same time insuring the company from any possible risk that may arise in Tunisia, also in the light of the ongoing arbitration which is better detailed in this document. In particular:

On **April 17, 2023**, the Company confirmed that it is currently performing the necessary legal and technical work in coordination with the Ministry of Water and Mines of the Republic of Benin for the finalisation of a Production Sharing Contract for Block 1 containing the Sèmè oilfield, offshore Benin ("Block-1").

On **June 23, 2023,** The Company announced that it has signed a Memorandum of Understanding ("MOU") with the Ministry of Petroleum in the Republic of South Sudan.

The MOU has the purpose of formalising certain negotiations currently underway with the Ministry of Petroleum for the acquisition and development of oil and gas production licences located in the Republic of South Sudan

On **July 5, 2023**, the Company announced that its newly incorporated fully owned subsidiary in the State of Texas, Zena Oil & Gas LLC, has conditionally agreed to fully acquire a portfolio of mineral leases and oil and gas wells in the State of Texas, United States of America (the "Acquisition") from the wholly owned subsidiaries of Beam Earth Group Ltd. (the "Seller").

Terms of the Acquisition

The Company has conditionally agreed to fully acquire, subject to a definitive purchase and sale agreement ("Completion") certain oil, gas, and mineral leases and oil and gas wells for a total amount of US$1,027,500 (the "Consideration").

The Consideration will be payable 60% in cash, representing the amount of US$616,500, and the balance of 40% will be satisfied by the issuance of equity to the Seller to be admitted to trading on the Euronext Growth of the Oslo Stock Exchange, priced at the average closing price of the last 5 trading days prior to the achievement of Completion (the "Equity Consideration"). Admission will also be sought within 12 months of any issue under the Equity Consideration to the Main Market of the London Stock Exchange and the Standard Segment of the UK Official List.

The Seller have agreed to retain the Equity Consideration for a minimum of three months from the date of Completion. Zenith will hold the right of first refusal in the event of a possible disposal of the Equity Consideration, subject to the terms to be agreed at Completion in the definitive purchase and sale agreement.

Acquisition Highlights

- The Acquisition comprises of 155 oil and gas wells located in the vicinity of Midland (TX) across licences named Corsicana, Powell, BrookLaw and Sun Valley.

- 47 wells are currently active with a daily production of approximately 60 barrels of oil per day ("BOPD").

- It is expected that production can be increased to an average rate of 100 BOPD with light workover and field rehabilitation activities within six months from Completion.

- Located in the State of Texas, a prolific oil and gas petroleum system with favourable fiscal terms, relatively low production costs and the ready availability of technical expertise and equipment.

- Zenith will commission a Competent Person's Report in compliance with Canadian securities laws, specifically the COGE Handbook and National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities - to obtain an updated reserves evaluation for the Acquisition.

The Group believes that this financial commitments will be covered by a combination of funding generated by operations, funds raised post year end, funds to be received from the national oil company of the Republic of the Congo (SNPC), as well as further planned fund raises within the going concern period. The Directors believe that the planned fund raises via the various sources of capital available to the Group will be successful. The Group’s ability to raise funds has been demonstrated in the year ended March 31, 2023. However, as at the date of approval of the financial statements, these funds have not been secured.

The Directors, having made due and careful enquiry, are of the opinion that the Group has adequate working capital to execute its operations over the next 12 months. The Directors therefore have made an informed judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have adopted the going concern basis of accounting in the preparation of the annual financial statements.

New standards and interpretations

a. Adoption of new and revised standards

The following IFRSs or IFRIC interpretations are those that were effective for the first time for the financial year beginning April 1, 2022, and relevant to the entity:

Title	Description
IAS 16 — Property, Plant and Equipment	IAS 16 "Property, Plant and Equipment" outlines he accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets	IAS 37 "Provisions, Contingent Liabilities and Contingent Assets " outlines the ac- counting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).
IFRS 1 - First-time Adoption of International Financial Reporting Standards	IFRS 1 "First-time Adoption of International Financial Reporting Standards" sets out the procedures that an entity must follow when it adopts IFRS for the first time as the basis for preparing its general-purpose financial statements. The IFRS grants limited exemptions from the general requirement to comply with each IFRS effective at the end of its first IFRS reporting period.
IFRS 3 - Business Combinations	IFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.

The adoption of these new and revised Standards and Interpretations has not resulted in significant changes to the Group’s accounting policies that have affected the amounts reported for the current or prior years.

b. New standards and interpretations in issue but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Standards Issued and Effective on or after 1 January 2023

Title	Description
IAS 1 — Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.
IFRS 16 — Leases	IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained
IFRS 17 - Insurance Contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

Narrow Scope Amendments Effective on or after 1 January 2023

STANDARD	CHANGE
IAS 1 *Presentation of Financial Statements*	*Classification of Liabilities as Current or Non-current:* Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

3. Significant accounting policies

Consolidation

The following entities have been consolidated within the Group's financial statements:

Name	*Country of incorporation and place of business*	*Proportion of ownership interest*	*Principal activity*	*Reporting period*
Canoel Italia S.r.l. (1)	Genova, Italy	98.6%	Gas, electricity and condensate production	January - December
Ingenieria Petrolera del Rio de la Plata S.r.l.	Argentina	100%	Not trading	January - December
Zenith Aran Oil Company Limited	British Virgin Islands	100%	In liquidation	January - December
Aran Oil Operating Company Limited	British Virgin Islands	80% owned subsidiary of Zenith Aran Oil Company Limited	In liquidation	January - December
Zenith Energy (O&G) Ltd	United Kingdom	100%	Administrative services	April - March
Zena Drilling Limited	Incorporated in UAE Place of business: Azerbaijan	100%	Oil and gas drilling	January - December
Altasol SA	Switzerland	100%	Oil trading	January - December
Zenith Norway AS (2)	Norway	100%	Holding Company	January - December
Anglo African Oíl & Gas Congo S.A.S. (3)	Republic of the Congo	100%	Oil production	January - December
Zenith Energy África Holdings (4)	United Kingdom	100%	Holding Company	January - December
Zenith Energy África Ltd (4)	United Kingdom	100% on behalf of Zenith Energy Holdings	Holding Company	January - December
Ecumed Petroleum Zarzis Ltd	Tunisia	100% on behalf of Zenith Energy Africa	Oil production	January - December

		Ltd		
Compagnie du Desert Holdings Ltd (5)	United Kingdom	100%	Holding Company	January - December
Compagnie du Desert Ltd (5)	United Kingdom	100% on behalf of Compagnie du Desert Holdings Ltd	Holding Company	January - December
Ecumed Petroleum Tunisia Ltd	Tunisia	100% on behalf of Compagnie du Desert Ltd	Oil production	January - December
Zenith Overseas Assets Holdings Ltd (5)	United Kingdom	100%	Holding Company	January - December
Zenith Overseas Assets Ltd (6)	United Kingdom	100% on behalf of Zenith Overseas Assets Holdings Ltd	Holding Company	January - December
Canadian North Africa Oil&Gas Ltd	Tunisia	100% on behalf of Zenith Overseas Assets Ltd	Oil production	January - December
Zenith Energy Congo SA	Republic of the Congo	100%	Oil production	January - December

(1) Zenith Energy Ltd. has 100% control over Canoel Italia S.r.l. The Group granted 1.4% to the Director managing the Italian subsidiary in order to limit the risk of any liability to that entity. Therefore, no non-controlling interest arises from the consolidation of this subsidiary.

(2) On January 30, 2020, the Company announced the establishment of its fully owned Norwegian subsidiary, Zenith Energy AS ("Zenith Norway"), to be used as a vehicle for intended participation in future licensing bids to be organized by the Norwegian Ministry of Petroleum and Energy, as well as to actively pursue the potential acquisition of working interests in mature energy production assets across Northern Europe.

(3) On January 13, 2020, the Company announced the passing of a resolution by the shareholders of Anglo African Oil & Gas plc to approve the share purchase agreement, signed between the parties on December 27, 2019, for the acquisition of its fully owned subsidiary in the Republic of the Congo, Anglo African Oil & Gas Congo S.A.S.

(4) On March 15, 2021, the Company announced that Zenith Energy Africa Limited ("ZEAL"), its newly incorporated fully owned subsidiary (controlled on behalf of Zenith Energy Africa Holdings Ltd), has entered into a share purchase agreement ("SPA") with Candax Energy Limited ("Candax") for the acquisition of a 100 percent interest in Candax's fully owned subsidiary in Barbados, Ecumed Petroleum Zarzis Ltd ("EPZ") (the "Acquisition"), which holds a 45% interest in the Ezzaouia Concession ("Ezzaouia").

(5) On April 30, 2021, the Company announced that Compagnie Du Desert Ltd ("CDD"), its recently incorporated fully owned subsidiary, has entered into a share purchase agreement ("SPA") with Candax Energy Limited ("Candax") for the acquisition of a 100 percent interest in Candax's fully owned subsidiary in Barbados, Ecumed Petroleum Tunisia Ltd ("EPT") (the "Acquisitions"), which holds a 100% interest in the El Bibane and Robbana concessions in Tunisia.

(6) On November 22, 2021, the Company announced that Zenith Overseas Assets ("ZOA"), its fully owned subsidiary, had entered into a sale and purchase agreement ("SPA") for the acquisition of a 100 percent interest of the issued, allotted, outstanding and fully paid-up share capital of Canadian North Africa Oil & Gas Ltd. ("CNAOG") (previously named CNPC International (Tunisia) Ltd), a 100% subsidiary of CNPC International Ltd.

Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Adjustments are made to the results of subsidiaries to bring the accounting policies used by them, with those used by the Group.

Intercompany balances and transactions are eliminated on consolidation, and any unrealized income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

The following entities have not been consolidated within the Group's financial statements because they are considered to be immaterial to the Group:

Name	***Country of incorporation and place of business***	***Proportion of ownership interest***	***Principal activity***
Leonardo Energy Consulting S.r.l.	Genova, Italy	48%	Dormant
Zenith Energy Netherlands BV	Netherlands	100%	Dormant

Property, plant and equipment

Development and production expenditures
Development and production ("**D&P**") assets include costs incurred in developing commercial reserves and bringing them into production. Items of property and equipment, including D&P assets, are carried at cost less accumulated depletion and depreciation and accumulated impairment losses.

When significant parts of D&P assets have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of D&P assets are determined by comparing the proceeds of disposal with the carrying amount of the item and are recognised in profit or loss.

Business combinations

The acquisition method of accounting is used to account for acquisitions of subsidiaries and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of an acquisition is less than the fair value of the net assets of the subsidiary acquired, a bargain purchase gain is recognised immediately in the consolidated statement of comprehensive income.

Transaction costs that are incurred in connection with a business combination other than those associated with the issue of debt or equity instruments are expensed as incurred.

Intercompany balances and transactions are eliminated on consolidation, and any unrealised income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Subsequent costs

Costs incurred subsequent to the determination of technical feasibility and commercial viability, costs of replacing parts of property and equipment and workovers of property and equipment are recognised only if they increase the economic benefits of the assets to which they relate. All other expenditures are recognised in profit or loss when incurred. The carrying amounts of previous inspections or any replaced or sold components are derecognized. The costs of day-to-day servicing of an item of property and equipment are recognised in profit or loss as incurred.

Depletion and depreciation

The net book value of producing assets is depleted on a field-by-field basis using the unit of production method with reference to the ratio of production in the year to the related proved and probable reserves, as determined by an independent reserve engineer, taking into account estimated future development costs necessary to bring those reserves into production. For purposes of these calculations, relative volumes of natural gas production and reserves are converted at the energy equivalent conversion rate of six thousand cubic feet of natural gas to one barrel of crude oil.

Impairment

At the end of each reporting period, the Group reviews the D&P assets for circumstances that indicate the assets may be impaired. Assets are grouped together into cash-generating units ("**CGUs**") for the purpose of impairment testing.

If any such indication of impairment exists, the Group makes an estimate of its recoverable amount. A CGUs recoverable amount is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of future cash flows expected to be derived from the production of proved and probable reserves.

Fair value less costs to sell is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. The fair value less cost to sell of D&P assets is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account.
These cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the CGU. When the recoverable amount is less than the carrying amount, the asset or CGU is impaired. For impairment losses identified on a CGU, the loss is allocated on a pro rata basis to the assets within the CGU. The impairment loss is recognised as an expense in profit or loss.

At the end of each subsequent reporting period, these impairments are assessed for indicators of reversal.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss have been recognised for the asset or CGU in prior periods.

A reversal of an impairment loss is recognised in profit or loss.

Decommissioning provision

The Group recognizes a decommissioning obligation in the period in which a well is drilled or acquired, and a reasonable estimate of the future costs associated with removal, site restoration and asset retirement can be made. The estimated decommissioning provision is recorded with a corresponding increase in the carrying amount of the related cost centre.

Decommissioning provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the statement of financial position date. Subsequent to the initial measurement, the provision is adjusted at the end of each period to reflect the unwinding of discount and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the unwinding of discount is recognised as finance expenses. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

Cash and cash equivalents

Cash and cash equivalents consist of cash deposits in bank accounts and cash in hand.

Inventory

Inventory consists of crude oil which is recorded at the lower of cost and net realisable value. The cost of producing crude oil is accounted on a weighted average basis. This cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition. The cost of crude oil is the producing cost, including royalties. Net realisable value of crude oil and refined products is based on estimated selling price in the ordinary course of business less any expected selling costs.

Financial instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost using the effective interest method:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Impairment of financial assets

The Group applies the expected credit loss model to financial assets measured at amortized cost or at fair value through other comprehensive income. There are no financial assets other than trade receivables.

De-recognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group’s own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Compound financial instruments

Compound financial instruments include convertible notes which can be converted into a fixed number of common shares for a fixed amount of consideration. The compound financial instrument is bifurcated and recorded with a liability and equity component. The liability component is initially recognised as the fair value of the liability without the conversion feature, which is calculated using inputs that fall within level 1 of the fair value hierarchy of IFRS 13. The equity component is recognised as the difference between the fair value of the convertible debt and the fair value of the liability component.
Transaction costs are proportionately allocated between the components. Subsequently, the liability component is measured at amortised cost using the effective interest method and accretes up to the principal balance at maturity.

The equity component is not re-measured after initial recognition. Upon conversion, the liability component is reclassified to equity and no gain or loss is recognised. If the number of common shares to which the loan can be converted is not fixed, then the loan is recorded as a liability with no debt / equity split.

De-recognition of financial liabilities

The Group removes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished-i.e., when the obligation specified in the contract is discharged or cancelled or expires.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.
Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost. For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

The Group’s financial assets were classified as financial assets measured subsequently at amortized cost. The Group’s financial liabilities were classified as financial liabilities measured subsequently at amortized cost. The Group does not choose to classify any financial liabilities as measured at fair value through profit or loss.

Share capital
Share capital is classified as equity if it is non-redeemable, and any dividends are discretionary or is redeemable but only at the Group's option. Dividends on share capital classified as equity are recognised as distributions within equity. Non-equity share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders or if dividend payments are not discretionary. Dividends thereon are recognised in the consolidated income statement as a financial expense.

Incremental costs directly attributable to the issue of common shares are recognised as a deduction from equity.

Share-based payments
The cost of providing share-based payments to employees is charged to the statement of comprehensive income (or treated as a share issue cost) over the vesting period of the related share options or share allocations. The cost is based on the fair values of the options, which is determined using the Black Scholes method. The value of the charge is adjusted to reflect expected and actual level of vesting. Charges are not adjusted for market related conditions that are not achieved. Where equity instruments are granted to persons other than Directors or employees the consolidated statement of comprehensive income is charged with the fair value of the related goods or services received.

Earnings per share
The Group presents basic and diluted earnings per share for its common shares. Basic earnings per share amounts are calculated by dividing the profit or loss attributable to common shareholders of the Group by the weighted average number of common shares outstanding during the period. Diluted earnings per share amounts are determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted, for the effects of all dilutive potential common shares.

Revenue from contracts with customers
The Group enters into contracts for the sale of oil and gas. Revenue is recognised when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards or ownership have been transferred to the customer and collection of the sales price is reasonably assured. The performance obligation is identified to be the delivery of oil and gas to the customer, and the transaction price is allocated to the amount of oil and gas delivered. These criteria for performance obligation are assessed to have occurred once the product has been delivered to the customer.

Foreign currency translation
Foreign currency transactions are translated into the respective functional currencies of the Group and its subsidiaries using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.
The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and,
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's exchange difference on translating foreign operations on the statement of comprehensive income and are reported as a separate component of shareholders' equity. These differences are recognised in profit or loss in the period in which the operation is disposed.

Accounting policy for Provisions, contingent assets and liabilities
Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Finance expense
Finance expense is comprised of interest on debt, accretion of the decommissioning obligation, accretion of convertible notes and other miscellaneous interest charges.

Taxation
Income tax expense is comprised of current and deferred tax and is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded, using the asset and liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, deferred tax is not recorded on taxable temporary differences arising on the initial recognition of goodwill or on the initial recognition of assets and liabilities in a transaction other than a business combination that affect neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Interest-Bearing Loans and Borrowings
Interest-bearing loans and borrowings are initially recognised at fair value, which equates to the value of proceeds received net of any directly attributable arrangement costs. Subsequent to initial recognition these borrowings are stated at amortised cost using the effective interest rate method.

4. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions about the future. The relating accounting estimates will by definition, seldom equal to related achieved result. The estimates and judgements that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Going concern
Management have prepared the financial statements on a going concern basis of accounting which, as stated in note 2, is dependent on the group being able to raise additional funding as required. This is considered to be a critical accounting judgement.

Property, plant and equipment
Management reviews the Group's property, plant and equipment annually for impairment indicators.

The determination of recoverable amounts in any resulting impairment test requires judgement around key assumptions. Key assumptions in the impairment models include those related to prices that are based on forward curves and long-term corporate assumptions thereafter, discount rates, that are risked to reflect conditions specific to individual assets, future costs, both capital and operating that are based on management's estimates having regard to past experience and the known characteristics of the individual assets, reserves and future production, which are discussed further on note 11. The carrying value of property, plant and equipment as of March 31, 2023, was CAD$ 227,565k (2022 – CAD$229,774k).

Proved and probable reserves and contingent resources
The volume of proved and probable oil and gas reserves is an estimate that affects the unit of production depreciation of producing oil and gas property, plant and equipment as well as being a significant estimate affecting decommissioning provisions, impairment calculations and the valuation of oil and gas properties in business combinations. Contingent resources affect the valuation of exploration and exploration assets acquired in business combinations and the estimation of the recoverable value of those assets in impairment tests.

Proved and probable reserves and contingent resources are estimated using standard recognised evaluation techniques. Estimates are reviewed at least annually and are regularly estimated by independent consultants. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

The Group's reserves are evaluated and reported on by independent reserve engineers at least annually. The engineers issue a Competent Person's Report ("**CPR**"), and the latest version was issued in July 2023 in relation to the Group's Italian and Congolese assets. Reserve estimation is based on a variety of factors including engineering data, geological and geophysical data, projected future rates of production, commodity pricing and timing of future expenditures, all of which are subject to significant judgement and interpretation.

Decommissioning costs
Most of these decommissioning events are many years in the future and the precise requirements that will have to be met when the removal event occurs are uncertain. Decommissioning technologies and costs are constantly changing, as well as political, environmental, safety and public expectations.

The estimated cost of decommissioning at the end of the producing lives of fields is reviewed periodically and is based on forecast price levels and technology at the Statement of Financial Position date. Provision is made for the estimated cost at the Statement of Financial Position date, using a discounted cash flow methodology and a risk-free rate of return. Details of the Group's decommissioning costs are disclosed in note 22. The carrying value of the decommissioning costs as of March 31, 2023, is CAD $32,645k (2022 – CAD $30,901k).

Recoverability of other receivables

Trade receivables qualify as financial assets and would be considered impaired if its carrying amount exceeds its recoverable amount. An impairment loss should be regarded as incurred if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition.

Congo – receivable from SNPC

As part of the business combination of AAOG, the Group acquired another receivable due from SNPC, of approximately US$5.7 million (equivalent to approximately CAD$8M) as a result of the work conducted to date on the License. Zenith has met with SNPC and expects to obtain the full repayment of the aforementioned amount.

On **July 3, 2023,** the Company announced that its fully owned subsidiary, Anglo African Oil & Gas Congo S.A.U ("AAOGC"), has been awarded a payment of compensatory damages by the Paris Commercial Court (the "Court") in its claim against SMP Energies (hereafter "SMP", formerly Société de Maintenance Pétrolière - SMP) the rig contractor that performed drilling services in wells TLP-103 and TLP-103C of the Tilapia oilfield during 2018-2019.

In the decision, the Court rejected SMP's request for a stay of proceedings in France due to new proceedings having been initiated in the Republic of the Congo, stating that SMP's request contained "all the characteristics of a dilatory request", and ordered it to pay an amount of EUR 30,000 to AAOGC by way of compensatory damages. The Court decision is immediately enforceable.

The Court has scheduled the next procedural date as September 29, 2023.

Management has therefore not recognised an impairment in respect of this receivable.

5. Administrative expenses

During the year ended March 31, 2023, the General and Administrative costs amounted to CAD$8,596k, compared to CAD$12,526k in 2022. Furthermore, during the same period the Group incurred CAD$3,124k (2022 - CAD$4,463k) of non-recurring expenses which relate to the negotiation costs for the potential acquisition of producing assets, and share based payments costs, a non-cash item that relates to the fair value of the share options issued during the year.

	Year ended	
	March 31, 2023	**March 31, 2022**
	CAD$'000	**CAD$'000**
Auditors' remuneration - audit fees Group	94	105
Accounting and bookkeeping	58	79
Consultancy fees	6,658	3,028
Legal	42	-
Office	897	1,016
Administrative expenses	219	1,213
Foreign exchange (gain)/ loss	(5,974)	392
Salaries	2,716	1,613
Travel	762	617
General and administrative expenses	**5,472**	**8,063**
Non-recurring expenses		
Bond issue costs	136	262
Listing costs (Norway and UK)	555	817
Negotiation costs for acquisitions	1,700	451
Reversal of impairment	-	4
Share based payments (see note 17)	733	2,929
Total non-recurring expenses	**3,124**	**4,463**
Total general and administrative expenses	**8,596**	**12,526**

The increase in the consultancy fees is due to the two assets acquisition in Tunisia related professional expenses.

6. Business combinations

There were no asset acquisitions during the year.

The deferred consideration liability, on the business combinations related to past financial years, has been measured at the present value of contracted future cash flows. The value and timing of contracted future cash flows has been included in note 26.

7. Staff cost

(a) *Employee compensation cost*

During the year the Group had an average of 38 (2022: 37) full time employees based in its offices in London in the UK, Lugano in Switzerland, Pointe Noire in Congo, Tunis in Tunisia and Genoa in Italy.

The following table details the amounts of total employee compensation included in the consolidated statement of comprehensive income:

	March 31,2022 CAD $'000	March 31,2021 CAD $'000
Operating	893	4,385
General and administrative	2,716	1,613
Share based payments	733	2,929
Total employee compensation cost	4,342	8,927

(b) *Key management compensation*

Key management personnel are those people having authority and responsibility for planning, directing and controlling the activities of an entity, either directly or indirectly. The following table summarizes annual compensation and long-term compensation of the Group's "Named Executive Officers" for the two most recently completed financial years that ended on March 31, 2023. The named executive officers equate to key management personnel:

Name	Year(2)	Short term employee benefit CAD $'000	Other short-term benefits CAD $'000	Other long-term benefits CAD $'000	Other benefits CAD $'000	Total CAD $'000
Andrea Cattaneo (1)	2022	560	-	-	43	603
	2023	560	-	-	-	560
Jose Ramon Lopez-Portillo	2022	-	-	-	-	-
	2023	20	-	-	-	-
Dario Ezio Sodero	2022	-	-	-	-	-
	2023	-	-	-	-	-
Sergey Borovskiy	2022	-	-	-	-	-
	2023	-	-	-	-	-
Luca (2) Benedetto	2022	267	-	-	2	269
	2023	261	-	-	1	262

For the Key management personnel, no termination benefits are provided.

Notes:

1. Andrea Cattaneo was appointed President and Chief Executive Officer effective 01 January 2009. As proposed by the Compensation Committee, Mr. Cattaneo's annual consulting fee payment is approximately £210k (CAD $360k), payable in equal monthly instalments, plus an annual bonus compensation of CAD$200k from the parent Company.

2. Mr. Luca Benedetto was appointed as Chief Financial Officer from April 2017 and received compensation of CAD$160k from the parent Company and CAD$90k from subsidiary undertakings, and other benefits for CAD$1k for health insurance, during the year ended March 31, 2023

a. Key management non-cash compensation

During the financial year ended March 31, 2022, the Company has granted some stock options to certain Directors, Advisory Committee members and employees of the Company in accordance with the Company's Stock Option Plan.

The cost is based on the fair values of the options, which is determined using the Black Scholes method. The value of the charge is adjusted to reflect expected and actual level of vesting. Charges are not adjusted for market related conditions that are not achieved.

The following table resumes the fair value of the options issued to the management, clarifying that it relates to non-cash amounts and not cash amounts.

Name	Year[2]	Options granted	Share based payments (Fair value cost) CAD $'000	Total CAD $'000
Andrea Cattaneo	2022	41,200,844	607	607
	2023	-	-	-
Jose Ramon Lopez-Portillo	2022	4,791,838	71	71
	2023	-	-	-
Dario Ezio Sodero	2022	4,791,838	71	71
	2023	-	-	-
Sergey Borovskiy	2022	4,791,838	71	71
	2023	-	-	-
Luca Benedetto	2022	17,380,329	256	256
	2023	-	-	-
Annar Bjorn Ursin-Holm (Advisory Committee member)	2022	3,500,000	51	51
	2023	-	-	-
Jacky Flschen (Advisory Committee member)	2022	3,500,000	51	51
	2023	-	-	-

Mr. Annar Bjorn Ursin-Holm and Mr. Jacky Flschen were appointed as members of the Advisory Committee, during the financial year ended March 31, 2022.

8. Other gains and losses

	March 31,2023 CAD $'000	March 31,2022 CAD $'000
Impairment of property, plant and equipment	(1,969)	(140)
Impairment of inventory	(1,146)	(5)
	(3,115)	(145)

9. Finance expense

	March 31,2023 CAD $'000	March 31,2022 CAD $'000
Interest expense	2,764	1,929
Accretion of decommissioning provision	397	349
	3,161	**2,278**

10. Taxation

Income tax expense is comprised of current and deferred tax and is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

The Company recognizes uncertain income tax positions at the largest amount that is more likely than not to be sustained upon examination by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Recognition or measurement is reflected in the period in which the likelihood changes. Any interest and penalties related to unrecognized tax liabilities are presented within income tax expense (recovery) in the consolidated income statement.

Deferred tax is recorded, using the asset and liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, deferred tax is not recorded on taxable temporary differences arising on the initial recognition of goodwill or on the initial recognition of assets and liabilities in a transaction other than a business combination that affect neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Income tax expense is comprised of the following:	**2023**	**2022**
	CAD $'000	**CAD $'000**
Current tax	(1,708)	(301)
Deferred tax	-	-
Total tax charge for the year	(1,708)	(301)

The provision for income taxes differs from the expense that would be obtained by applying the Canadian statutory income tax rate. The difference between tax expense for the year and expected income taxes based on the statutory tax rate arises as follows:

	2023	**2022**
	CAD $'000	**CAD $'000**
(Loss) / Profit before taxation	277	(10,412)
Expected tax at 27%	75	(2,811)
Differences on tax rates attributable to other jurisdictions	(4,536)	490
Non-deductible expenses	1,133	376
Changes in enacted rates and other		-
Temporary differences		96
Tax assets carried forward	1,620	1,548
Tax charge	(1,708)	(301)

The tax charge for the year ended March 31, 2023 comprised CAD $(1,708k) (2022 – CAD $301k) of current tax expense and CAD $Nil deferred tax expense (2022 – CAD $Nil deferred tax expense).

Recognised deferred tax liabilities are attributable to the following:

	2023	**2022**
	CAD $'000	**CAD $'000**
Property and equipment	(14,211)	(14,211)
Decommissioning obligations	3,649	3,649
Non-capital loss carried forward	10,562	10,562
Acquisition of Canoel Italia S.r.l.	(2,398)	(2,398)
Acquisition of Tunisia	(11,833)	(11,833)
Recognised deferred tax liabilities	(14,231)	(14,231)

Deferred tax assets have not been recognised in respect of the following temporary differences as it is not considered probable that sufficient taxable income will allow the deferred tax assets to be utilised and recovered:

	March 31,2023 CAD $'000	March 31,2022 CAD $'000
Property and equipment	18,216	15,204
Non-capital loss carried forward	836,960	752,148
Share issuance costs		-
Financial assets at amortised cost	16,598	16,570
Decommissioning obligations	-	-
Capital losses	907	868
Other	-	-
Unrecognised deferred tax assets	856,083	784,790

11. Property, plant and equipment

	D&P Assets CAD $'000
Carrying amount at March 31, 2021	**100,482**
Additions	56
Acquired on business combination (see note 6)	132,385
Depletion and depreciation	(2,242)
Disposals	(820)
Depletion and depreciation on disposals	400
Impairment	(140)
Foreign exchange differences	(347)
Carrying amount at March 31, 2022	**229,774**
Additions	430
Depletion and depreciation	(4,747)
Impairment	(1,969)
Foreign exchange differences	4,077
Carrying amount at March 31, 2023	**227,565**

<u>**Impairment test for property, plant and equipment**</u>

As of March 31, 2023, a review was undertaken of the carrying amounts of property, plant and equipment to determine whether there was any indication of a trigger that may have led to these assets suffering an impairment loss.

As there is no readily available market for the Group's oil and gas properties, fair value is derived as the net present value of the estimated future cash flows arising from the continued use of the assets, incorporating assumptions that a typical market participant would take into account. The value in use of an oil and gas property is generally lower than its Fair Value Less Costs of Disposal ('FVLCD') as value in use reflects only those cash flows expected to be derived from the asset in its current condition. FVLCD includes appraisal and development expenditure that a market participant would consider likely to enhance the productive capacity of an asset and optimize future cash flows. Consequently, the Group determines recoverable amount based on FVLCD using a Discounted Cash Flow ('DCF') methodology.

The DCF was derived by estimating discounted after-tax cash flows for each CGU based on estimates that a typical market participant would use in valuing such assets. The impairment tests compared the recoverable amount of the respective CGUs noted below to the respective carrying values of their associated assets. The estimates of FVLCD meet the definition of level three fair value measurements as they are determined from unobservable inputs.

Italian Cash Generating Unit

Key assumptions:

- **Production profiles:** these were based on the latest available information from management.
- **Capital and operating costs:** these were based on the current operating and capital costs in Italy.
- **Gas price:** An average 2023 gas price of $32.63/Mscf based on information from the World Bank European gas price forecast and information provided by management.
- **Discount rate:** The estimated fair value less costs to sell of the Italian CGU was based on 15% (2022 – 15%). This was based on a Weighted Average Cost of Capital analysis consistent with that used in previous impairment reviews.

Tunisia Cash Generating Unit

The Group controls the local results, the balance sheet amounts and asset register, checking the historical amounts and the related depreciation, determining the carrying value of the subsidiary plant and equipment.

The Group reviewed the fair value of the field infrastructure, geological data and associated equipment that are owned by the Group in Tunisia and as of March 31, 2023, an impairment of CAD$ 1,969,288 (2022: CAD$ nil) was recognised in the consolidated statement of comprehensive income.

Further, the Company commissioned a Competent Person's Report ("**CPR**") for the Tunisian licence in compliance with Canadian securities laws, specifically the COGE Handbook and National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities.* The field estimates of the reserves held suggest that no further impairment is required. Details of these reserves can be found at: www.zenithenergy.ca

12. Non-current financial assets held at amortised cost

	March 31, 2023 CAD $'000	March 31, 2022 CAD $'000
Other assets acquired on business combination	780	752
	780	**752**

13. Inventory

As of March 31, 2023, inventory consists of CAD $5,591k (2022 – CAD $5,690k) in relation to 116,391 barrels of crude oil that has been produced but not yet sold, and CAD $857k of materials (2022 – CAD $2,756k). The variance in stock of material is due to the decision of the Company that, in a cautionary way, decided to impair the nominal amount in the book.

The fully owned subsidiary Ecumed Petroleum Zarzis ("**EPZ**") has currently a spare parts stocks balance of 2,797,577 TND (CAD$829k), which is fully impaired. It's worth noting that this stock is managed and held by MARETAP on behalf of EPZ and ETAP. MARETAP is entitled to send monthly billing, which should include the stock movement of the period (additions and consumptions), also MARETAP has to do at least one annual stock take. The last stock take report received was the one of December 2021. Consequently, the Company cannot determine accurately the value of this stock as at 31.03.2023 and that's the reason behind a full impairment of the stock value.

The Spare part stocks was also partially booked in CAPEX for TND 2,086,026 (CAD$618k) and it was fully provided among fixed assets' impairment for the same reason described above.

	March 31,2023 CAD $'000	March 31,2022 CAD $'000
Tunisia	5,591	5,690
Tunisia – materials	857	2,756
	6,448	**8,446**

14. Trade and other receivables

	March 31,2023 CAD $'000	March 31,2022 CAD $'000
Trade receivables	11,770	4,436
Other receivables	14,906	14,739
Total trade and other receivables	26,676	19,175

The Group applies the IFRS 9 simplified approach for measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The Group's customer base is of a similar bracket and share the same characteristics, as such these have been treated as one population. The Group's customers are all State customers, therefore, the lifetime expected losses are considered to be CAD$ Nil.

In respect of other receivables, the Group has recognised an expected credit loss of CAD$ Nil (2022: CAD$ Nil) on a specific contract known as an equity sharing agreement.

15. Change in working capital

	March 31,2023 CAD $'000	March 31,2022 CAD $'000
Trade and other receivables	(7,797)	(2,622)
Inventory	1,998	(5,777)
Prepaid expenses	(64)	(253)
Trade and other payables	(2,735)	448
Total change in working capital	(8,598)	(8,204)

16. Share capital

Zenith is authorised to issue an unlimited number of Common Shares, of which 437,728,088 were issued at no par value and fully paid during the FY ended March 31, 2023 (2022 – 708,685,118). All Common Shares have the right to vote and the right to receive dividends. Zenith is authorised to issue an unlimited number of preferred shares, issuable in series, of which none have been issued as of the date of these Financial Statements. The Directors of the Group may by resolution fix the rights, privileges, restrictions and conditions of the preferred shares of each series.

Following the issue of the new Ordinary Shares, the Company had 2,310,302,537 common shares in issue and admitted to trading on the Euronext Growth of the Oslo Stock Exchange, of which 1,931,370,745 common share in issue and admitted to trading on the Main Market of the London Stock Exchange, as of March 31, 2023.

Issued **Description**	**Number of** **common shares**	**Amount** **CAD $'000**
Balance – 31 March 2021	**1.163.889.331**	**48.017**
Exercise of warrants (i)	45.000.000	810
Non-brokered unit private placement (ii)	60.000.000	871
Non-brokered unit private placement (iii)	108.400.000	1.574
Balance – 30 June 2021	**1.377.289.331**	**51.272**
Settlement of debt (iv)	30.422.319	767
Balance – 30 September 2021	**1.407.711.650**	**52.039**
Settlement of debt (v)	3.953.708	**73**
Non-brokered unit private placement (vi)	272.727.273	5.078
Settlement of debt (vii)	108.181.818	1.591
Settlement of debt (viii)	80.000.000	1.340
Balance - 31 March 2022	**1.872.574.449**	**60.121**
Non-brokered unit private placement (ix)	425.228.088	3.856
Settlement of debt (ix)	12.500.000	114
share issue cost	-	- 4
Balance - 31 March 2023	**2.310.302.537**	**64.087**

i) On March 22, 2021, the Company announced that it has completed a private placement in Norway, to raise an aggregate total amount of approximately NOK 8,625k (approximately £725k or EUR 846k or CAD$1,258k), issuing a total of 75,000,000 common shares of no-par value in the capital of the Company at an issue price of NOK 0.115, equivalent to approximately £0.01 (1 pence) or CAD$0.02 per share.

ii) On April 30, 2021, The Company announced that an investor in the Company had exercised warrants to acquire a total of 45,000,000 new common shares of no-par value (the "**Warrant Shares**") in the capital of the Company with an exercise price of NOK 0.12 (approximately £0.01) for a total consideration of 5,400,000 NOK (approximately £450,000)

iii) On May 10, 2021, the Company announced that it had secured Norwegian institutional investment in Zenith by way of a private placement in Norway which had also attracted the participation of a high-net-worth private investor (the "**Private Placement**").

The Private Placement has resulted in the issuance of 60 million new common shares in the share capital of the Company, at ac subscription price of the Placement Shares was NOK 0.10 (equivalent to approximately £0.087) (the "**Private Placement Shares**"), for a total consideration of NOK 6,000,000 (approximately £522,000 or EUR 600,000).

In connection with this private placement the Company issued 60,000,000 share purchase warrants, of which 45 million warrants with an exercise price of NOK 0.25 expiring on 01/07/20222 and 15,000,000 warrants with an exercise price of NOK 0.325 expiring on 07/07/2023.

iv) On May 26, 2021, Zenith announced that it had entered into a loan agreement with Winance, a Dubai registered single-family office (the "**Lender**"), for a total amount of EUR 2.1 million (approximately £1.8 million or approximately NOK 21.4 million) (the "**Loan Agreement**").

The Loan Agreement has a duration of six months, does not attract interest and an upfront arrangement fee, equal to 5 percent of the total drawdown amount, has been paid to the Lender in accordance with the terms of the Loan Agreement.

During each month prior to the maturity date, Zenith shall make repayments in accordance with the Loan Agreement ("**Instalments**"), with the first Instalment being payable during the month of July 2021.

100,000,000 new common shares of no-par value (the "**Reserve Shares**") have been issued to the Lender to be held in a depositary institution designated by the Lender.

Under the terms of the Loan Agreement, Zenith may elect to pay each Instalment either by cash or by utilizing the Reserve Shares, by delivering to the Lender an amount of Reserves Shares equivalent to the quotient obtained by dividing the Instalment Amount by 95 percent of the applicable VWAP (volume weighted average price) for the period of ten business days prior to the due date for each Instalment.

The Company has also issued a total of 8,400,000 new common shares at a price of NOK 0.10 (equivalent to approximately £0.085) to be held in Treasury (the "**Treasury Shares**").

v) On July 29, 2021, the Company announced that it had concluded a debt settlement agreement (the "**Debt Settlement**") in respect of the drawdown of EUR 500,000 (approximately £426k or CAD$742k) (the "**Credit Facility**") made following the signing of a revolving line of credit agreement with a financial institution announced on February 24, 2021.

The Company has issued a total of 30,422,319 new common shares at a price of NOK 0.1725 (equivalent to approximately £0.01412 or CAD$0.025) to settle the Credit Facility in full.

vi) On October 5, 2021, the Company issued 3,953,708 new common shares of no-par value (the "**New Common Shares**") at an issue price of NOK 0.1266 (equivalent to approximately £0.011) to Winance in respect of the Loan Agreement announced to the market on May 26, 2021.

vii) on November 12, 2021, the Company announced that it had received approval from the UK Financial Conduct Authority ("**FCA**") for publication of a UK prospectus document (the "**Prospectus**").

In connection with the Prospectus, the Company issued:

- 272,727,273 new common shares announced on November 2, 2021, from a successful subscription for £3m (the "**Subscription Shares**").

- 108,181,8181 new Common Shares in settlement of liabilities as set out below (collectively the "**Capitalization Shares**").

  The Capitalization Shares are made up of 8,181,818 new Common Shares at an issue price of £0.011 (equivalent to approximately NOK 0.13) in full and final settlement of an existing liability of £90,000. In addition, Zenith agreed to issue a further 100,000,000 new Common Shares at an issue price of €0.01 to Winance in full and final settlement of the €1m outstanding in respect of the loan facility announced on May 26, 2021. The 108,181,818 Capitalization Shares were issued fully paid at Admission.

viii) On December 6, 2021, the Company issued 80,000,000 (eighty million) new common shares of no-par value (the "**Reserve Shares**") to the Winance at a price of NOK 0.12 (equivalent to approximately £0.01) to be held in a depositary institution designated by the Lender, in relation to the supplementary loan agreement announced on that date.

ix) on February 28, 2023, the Company announced that it had completed a fundraise in the United Kingdom (the "**UK Financing**"), and in Norway (the "**Norwegian Financing**", collectively, the "**Financings**").

The Financings had attracted the participation of existing institutional investors, including Premier Miton Investors, as well as Directors and employees of the Company, to raise an aggregate total amount of approximately £2,300,000 or NOK 28,484,580, resulting in the issuance of 437,728,088 new common shares.

Issue Price

The issue price of the Financings was **£0.0054** for the UK Financing and **NOK 0.067** for the Norwegian Financing.

Norwegian Financing

Zenith issued a total of 378,931,792 new common shares of no-par value in the capital of the Company ("**Norwegian Financing Common Shares**"), to be admitted to trading on the Euronext Growth Oslo (the "**Norwegian Financing Admission**") raising gross proceeds of NOK 25,388,430 (approximately £2,050,000).

UK Financing

Zenith issued a total of 46,296,296 common shares of no-par value in the capital of the Company on the London Stock Exchange (the "**UK Financing Common Shares**") to raise gross proceeds of £250,000 (approximately NOK 3,096,150).

Debt Settlement

The Company has allotted 12,500,000 Common Shares ("**Debt Settlement Shares**") to a service provider in lieu of cash settlement for services provided to Zenith for a total value of £67,500.

17. Warrants and options.

	Number of options	**Number of warrants**	**Weighted average exercise price**	**Amount CAD$'000**
Balance – March 31, 2021	**94,317,858**	**177,851,484**	**0.03**	**2,465**
Warrants issued	-	397,917,596	0.03	1,588
Warrants exercised	-	-45,000,000	0.02	-43
Warrants expired	-	-1,373,750	0.07	-46
Option Issued	94,039,587	-	0.02	1,385
Options expired	-1,100,000	-	0.10	-64
Balance – March 31, 2022	**187,257,445**	**529,395,330**	**0.03**	**5,284**
Warrants issued	-	127.568.427	0.01	734
Warrants exercised	-	-	-	-
Warrants expired	-	-210,761,734	0.04	-572
Option Issued	-	-	-	-
Options expired	-	-	-	-
Options adjustment				-116
Balance – March 31, 2022	**187,257,445**	**446,202,023**	**0.03**	**5,329**

WARRANTS

During the year ended March 31, 2023, the Company issued 127.568.427 warrants (2022 – 397,917,596), and 210,761,734 (2022 – 1,373,750) warrants expired.

The issue of 127.568.427 warrants (2022 – 397,917,596) during the year, originated a fair value amount of CAD$734k (2022 – CAD$1,588k) that was debited as share-based payment, non-cash item cost, in the P&L.

The expiry of 210,761,734 (2022 – 1,373,750) warrants during the year was recognised in the contributed surplus amount of Equity section.

As of March 31, 2023, the Group had 446,202,023 (2022 – 529,395,330) warrants outstanding (relating to 420,486,023 shares) and exercisable at a weighted average exercise price of CAD$0.03 per share with a weighted average life remaining of 0.72 years.

There were no warrants in the money as of March 31, 2023.

OPTIONS

Grant Date	March 31, 2023		March 31, 2022		Expiry Date
	Number of options	Exercise price per unit CAD$	Number of options	Exercise price per unit CAD$	
April 2018	6,374,511	0.12	6,374,511	0.12	April 2023
December 2020	41,428,572	0.03	41,428,572	0.03	December 2025
January 2021	45,414,775	0.03	45,414,775	0.03	January 2026
13 May 2021	32,571,075	0.02	32,571,075	0.02	May 2026
06 September 2021	13,882,232	0.02	13,882,232	0.02	September 2026
31 January 2022	47,586,280	0.02	47,586,280	0.02	January 2027
TOTAL	**187,257,445**	**0.03**	**187,257,445**	**0.03**	

During the year ended March 31, 2023, the Company issued NO stock options (2022 – 94,039,587), the options exercised were Nil (2021 - Nil) and Nil (2022 – 1,100,000) stock options expired.

As of March 31, 2023, the Group had 187,257,445 (2022 – 187,257,445) stock options outstanding (relating to 187,257,445 shares).

There were no options in the money as of March 31, 2023

STOCK OPTIONS

The Group has a stock options plan (the "**Plan**") for its directors, employees and consultants. The maximum number of shares available under the Plan is limited to 10% of the issued and outstanding common shares at the time of granting options. Granted options are fully vested on the date of grant, at which time all related share-based payment expense is recognised in the consolidated statement of comprehensive income. Share options expire five years from the date of granting.

The table below represent the movement of the options during the FY 2023, and the comparative period 2022

	Number of options
Balance – March 31, 2021	**94,317,858**
Options issued	94,039,587
Options expired	(1,100,000)
Balance – March 31, 2022	**187,257,445**
Options issued	-
Options expired	-
Balance – March 31, 2023	**187,257,445**

As of March 31, 2023, the Group had 187,257,445 (2022 – 187,257,445) stock options outstanding (relating to 187,257,445 shares) and exercisable at a weighted average exercise price of CAD$ 0.04 (2022 – CAD$ 0.03) per share with a weighted average life remaining of 2.70 years.

The fair value of the options was calculated using the Black-Scholes pricing model calculations based on the following significant assumptions:

Risk-free interest rate	0.50% - 0.70%
Expected volatility	100%
Expected life	5 years
Dividends	Nil

Granting of options

- On January 31, 2022, the Company granted a total of 47,586,280 stock options (the "Options") to certain Directors, Advisory Committee members and employees of the Company in accordance with the Company's Stock Option Plan. The Options have an exercise price of NOK 0.11 per Option (approximately equivalent to £0.009), are fully vested, and have the duration of five years from the date of granting.

Expiry of options

During the year ended March 31 2023, Nil (2022 – 1,100,000) stock options expired.

WARRANTS

Type	Grant Date	Number of Warrants	Price per unit CAD$	Expiry Date
Warrants	11-Oct-19	6,477,734	$0.06	11-Oct-22
Warrants	24-Feb-21	85,000,000	$0.03	24-Feb-22
Warrants	24-Feb-21	85,000,000	$0.04	24-Feb-22
Warrants	23-Apr-21	13,593,113	$0.02	23-Apr-24
Warrants	10-May-21	34,284,000	$0.04	01-Jul-22
Warrants	10-May-21	25,716,000	$0.05	01-Jul-23
Warrants	21-May-21	89,053,125	$0.02	21-May-23
Warrants	29-Jul-21	20,000,000	$0.02	29-Jul-23
Warrants	29-Jul-21	23,000,000	$0.03	29-Jul-23
Warrants	06-Dec-21	55,176,667	$0.02	06-Dec-23
Warrants	17-Mar-22	92,094,691	$0.02	17-Mar-24
	Total warrants as of 31 March 2022	**529,395,330**		
Warrants	23-Apr-21	13,593,113	$0,02	23-Apr-24
Warrants	10-May-21	25,716,000	$0,05	01-Jul-23
Warrants	21-May-21	89,053,125	$0,02	21-May-23
Warrants	29-Jul-21	20,000,000	$0,02	29-Jul-23
Warrants	29-Jul-21	23,000,000	$0,03	29-Jul-23
Warrants	06-Dec-21	55,176,667	$0,02	06-Dec-23
Warrants	17-Mar-22	92,094,691	$0,02	17-Mar-24
Warrants	28-Feb-23	113,679,538	$0,01	28-Feb-26
Warrants	28-Feb-23	13,888,889	$0,01	28-Feb-26
	Total warrants as of 31 March 2023	**446,202,023**		

As of March 31, 2023, the Group had 446,202,023 (2022 – 529,395,330) warrants outstanding (relating to 446,202,023 shares) and exercisable at a weighted average exercise price of CAD$0.03 per share with a weighted average life remaining of 0.72 years.

The fair value of the warrants was calculated using the Black-Scholes pricing model calculations based on the following significant assumptions:

Risk-free interest rate	0.50% - 0.70%
Expected volatility	75-100%
Expected life	2 years
Dividends	Nil

18. Trade and other payables

	March 31,2023 CAD $'000	March 31,2022 CAD $'000
Trade payables	12,882	13,721
Other payables	6,867	8,353
Total trade and other payables	19,749	22,074

19. Loans

	March 31,2023 CAD $'000	March 31,2022 CAD $'000
Loan payable - current	8,697	6,533
Loan payable – non-current	-	1,442
Total	**8,697**	**7,975**

Loans – current	2023 CAD $'000	2022 CAD $'000
As at 1 April	6,533	4,359
Loan receipt	3,848	9,055
Conversion to shares	-	(4,427)
Interest	572	-
Repayments	(2,222)	(2,588)
Foreign Exchange	(34)	134
As at 31 March	**8,697**	**6,533**

Loans – non current	2023 CAD $'000	2022 CAD $'000
As at 1 April	1,442	920
Repayments	(1,442)	(734)
Loan receipt	-	1,267
Foreign Exchange	-	(11)
As at 31 March	**-**	**1,442**

a) Loan in Tunisia TND 3,200,000

On November 24, 2021, Ecumed Petroleum Zarzis, obtained a 3,500.000 TND loan (CAD$ 1,690,000 equivalent) from Banque Internationale Arabe de Tunisie "BIAT". The loan is unsecured, bears fixed interest at 10.5% per annum. The Company has paid 300,000 TND and the scheduled repayment is under negotiation to be part of a new loan agreement.

b) Loan in Tunisia TND 2,400,000

On January 18, 2022, Canadian North Africa Oil & Gas Ltd obtained a 2,400.000 USD loan (CAD$ 2,995,000 equivalent) from the Union Internationale des Banques "UIB". The loan is unsecured, bears fixed interest at Libor +2.5% per annum, The Company has paid 100,000 USD in Marsh,7th 2023 and 100,000 USD in April 5, 2023.the scheduled repayment is currently under review to be part of a new loan agreement.

c) SACE/SIMEST Loan in Italy Euro 126,100

On October 13, 2020, the Group obtained a Euro 126,100 loan from SACE/SIMEST, a parastatal organization that support Italian companies, large companies and SMEs, who wish to build a presence in the global markets. The loan is guaranteed by the Italian State, and bears fixed interest at 0.0085% per annum and the final repayment is due on August 7, 2026.

This liability was totally repaid in January 2023.

d) US$6,000,000 unsecured convertible loan facility

On March 17, 2022, the Company announced that it has entered into a US$6,000,000 unsecured convertible loan facility (the "**Facility**") with a consortium of institutional lenders (the "**Lenders**"), to provide additional funding for the Company's field development operations in Tunisia and potential near-term business development in the Republic of the Congo.

The Facility includes an initial immediate advance of US$2,000,000 (the "**Drawdown**").

Under the terms of the Facility, the Company issued the Lenders with 92,094,691 share purchase warrants (the "Warrants") to subscribe for the equivalent number of common shares of no par value in the share capital of Zenith ("Common Shares") at a price of NOK 0.1458 per Common Share (equivalent to approximately £0.012) for subscription at any time, with a 24-month term from the date of issuance, and subject to the articles of the Company and the terms and conditions of the Facility.

During the term of the Note, the Lenders may, from time to time, elect to convert varying amounts of Principal and Interest of the Facility. Half of each Drawdown may be converted at 130% of the relevant Reference Price, and half at 150% of the relevant Reference Price, the Reference Price being the average of the 15 daily VWAPs, on the Euronext Growth Oslo, preceding each Drawdown. The Lenders have trading restrictions meaning they cannot sell more than 15% of monthly volume for the duration of the Facility.

No conversions will take place for the first 2 months following each relevant drawdown. Conversions are restricted to no more than 30% of each Drawdown for the first 4 months.

In accordance with the terms of the Facility, repayment of each Drawdown can be made in cash ("Cash Repayment") for a charge of 2.5% of the relevant Drawdown amount outstanding.

The Facility agreement includes normal warranties and default clauses.

The Chief Executive Officer & President of the Company, Mr. Andrea Cattaneo, has agreed to act as a third-party guarantor in support of the Company, in connection with the Facility. On March 16, 2022, Mr. Cattaneo pledged a total of 11,228,022 common shares in the capital of the Company, in which he has a direct beneficial interest.

As of March 31, 2023, the outstanding amount of this facility was CAD$480k (CAD$2.5M) (March 31, 2022 – CAD$2.5M) of which 50% was classified as a current liability. This facility was totally repaid in May 2023.

e) Loan from Ajax Resources Plc

During the Financial Year ended March 31, 2023, Ajax Resources Plc granted the Company a loan of GBP 1,096,013 (CAD$ 1,833k), paid in more tranches and partially repaid for GBP 151,650 (CAD$ 254k). The loan is unsecured, bears fixed interest at a flat rate of 10%. The total outstanding amount as of March 31, 2013, was CAD$ 1,642k, that was totally repaid in April 2023.

Non-convertible bonds	**March 31,2023**	**March 31,2022**
	CAD $'000	**CAD $'000**
Current	-	284
Non-current	25,247	10,076
Total	**25,247**	**10,360**

Non-convertible bonds	**CAD $'000**
Balance – March 31, 2021	**7,466**
Loan notes	7,860
Interest	136
Repayment of bonds	(4,637)
Foreign exchange	(465)
Balance – March 31, 2022	**10,360**
Loan notes	15,156
Interest	-
Repayment of bonds	(551)
Foreign exchange	282
Balance – March 31, 2023	**25,247**

Loan Notes

To avoid the risk of the excessive dilution of the capital, the Company issued two different sets of EMTN (Bond) accruing interest payable semi-annually and listed on European Stock Exchanges.

Zenith EMTN Programme up to Euro 25+M

1. On January 20, 2020, the Company announced the issuance of the following unsecured, multi-currency Euro Medium Term Notes, governed by Austrian law, at par value (the "**Notes**"):

   - EURO 1,000,000 bearing interest of 10.125 per cent per year (the "**EUR-Notes**")
   - GBP 1,000,000 bearing interest of 10.50 per cent per year (the "**GBP-Notes**")
   - USD 1,000,000 bearing interest of 10.375 per cent per year (the "**USD-Notes**")
   - CHF 1,000,000 bearing interest of 10.00 per cent per year (the "**CHF-Notes**")

The Notes will mature on January 27, 2024, are governed by Austrian law and are not convertible into equity of the Company.

2. On May 16, 2022, the Company announced that it had issued a new series of unsecured, multi-currency Euro Medium Term Notes at par value (the "Notes").

   The following Notes have been issued:
   - Series No.5: EUR 2,000,000 bearing an interest of 10.125 per cent per year. ISIN: **XS2478298909**
   - Series No.6: GBP 2,000,000 bearing an interest of 10.50 per cent per year. ISIN: **XS2478299030**
   - Series No.7: USD 2,000,000 bearing an interest of 10.375 per cent per year. ISIN: **XS2478299113**

   The Notes will mature on May 9, 2026, are governed by Austrian law and are not convertible into equity of the Company.

These Notes were admitted to trading on the Third Market (MTF) of the Vienna Stock Exchange ("**Wiener Borse AG**"). As of March 31, 2023, the Company sold Notes, as follows:

Currency	CAD$ equivalent	ISIN	Description
EUR	2,659,011	XS2108546735	ZEEX 10.125 01/27/24 MTN
USD	9,274,052	XS2108546651	ZEEX 10.500 01/27/24 MTN
GBP	2,872,762	XS2108546578	ZEEX 10.375 01/27/24 MTN
CHF	41,924	XS2108546818	ZEEX 10.000 01/27/24 MTN
EUR	3,106,240	XS2478298909	ZEEX 10.125 05/09/26 MTN
GBP	980,160	XS2478299030	ZEEX 10.500 05/09/26 MTN
USD	2,096,379	XS2478299113	ZEEX 10.375 05/09/26 MTN

The issue of the Notes is aligned with the Group's strategy of diversifying its financing towards non-equity dilutive funding to support its successful development.

The Company has been using the EMTN Programme to finance its activities in the Republic of the Congo, Tunisia and Italy. The Company chose the Vienna Stock Exchange as it was viewed as a highly accessible market in terms of simplicity of process and listing costs.

During the year, the Company announced that it had fully paid the semi-annual interest in relation to the Notes. The most recent interest payment in relation to the Notes is the third such payment, with previous interest payments having taken place during the months of June and December 2019, 2020, 2021 and 2022 respectively.

20. Decommissioning provision

The following table presents the reconciliation of the carrying amount of the obligation associated with the reclamation and abandonment of the Group's oil and gas properties:

	2023	2022
	CAD $'000	**CAD $'000**
Balance – beginning of year	**30,901**	**16,219**
Accretion	642	349
On acquisition of subsidiary	-	14,814
Foreign currency translation	1,102	(481)
Balance – end of year	**32,645**	**30,901**

The provision has been made by estimating the decommissioning cost at current prices using existing technology. The following significant weighted average assumptions were used to estimate the decommissioning obligation:

Italy	**2023**	**2022**
Undiscounted cash flows – uninflated	CAD $8,000	CAD $8,000
Undiscounted cash flows - inflated	CAD $8,000	CAD $8,000
Risk free rate	CAD $8,000	CAD $8,000
Inflation rate	1.4%	1.4%
Expected timing of cash flows	10.5 years	11.5 years

Tunisia **2022**

A - Decommissioning provision recalculation

Description	**in USD**	**Comments**
Start current period	01/04/2022	
Anticipated abandonment date	31/12/2033	Minus between, economic and legal end of date (cf. IM.7 impairment test)
Years to abandonment	12,94	
Undiscounted well costs	5.946.000	2019 figures submitted to DGH, while estimation is outdated (2014)
Undiscounted facilities costs	2.050.000	
Total undiscounted obligation	**7.996.000**	
TND inflation rate (as per the Tunisian Central Bank)	5,00%	
USD inflation rate (as per the submitted assumption to DGH)	2,00%	
Inflation Rate	**4,00%**	TND share in MARETAP expenses are higher than USD
Inflated obligation	**13.280.608**	
Discount Rate	2,00%	
Discounted obligation	**10.279.339**	
EPZ Share in the obligation	**4.625.702**	This should be recognised as asset against provision as a 1st time recognition

B - Unwinding interest recalculation

Interest unwind of the obligation for the period	**92.514**

The timings of the cash flows depend on the capital expenditure incurred and the development of assets in each concession. Each concession has a license for a set number of years; however, the licenses could be extended for longer periods if the operator incurs capital expenditure and develops the area. The application process starts after a license is not extended or when the reserves of a particular concession have been fully extracted.

21. Earnings per share

		March 31,2023 CAD $'000		**March 31,2022 CAD $'000**
Net (loss)/profit from continuing operations		(12,827)		64,437
Basic weighted average number of shares		2,298,833		1,599,111
Potential dilutive effect on shares issuable under warrants		n/a		n/a
Potential diluted weighted average number of shares		n/a		n/a
Net earnings per share – basic (1)	$	(0.01)	$	0.03
Net earnings per share – diluted (1)	$	(0.01)	$	0.02

(1) The Group did not have any in-the-money convertible notes, warrants and stock options during the years ended March 31, 2023, and 2022.

22. Related party transactions

Related party transactions are considered to be in the normal course of operations and are initially recognized at fair value. The related party transactions during the Financial Year ended March 31, 2023, and 2022 not disclosed elsewhere in these consolidated financial statements are as follows:

a) On February 28, 2023, in connection with the Financing through a capital raise, Mr. Andrea Cattaneo, Chief Executive Officer & President of Zenith, has subscribed for 64,695,672 common shares of no-par value in the capital of the Company.

   Upon Admission, Mr. Cattaneo will be directly beneficially interested in a total of 167,163,912 Common Shares in the capital of the Company, representing 7.24% percent of the total issued and outstanding common share capital of the Company.

b) On February 28, 2023, in connection with the Financing through a capital rase Mr. Luca Benedetto, Chief Financial Officer of Zenith has subscribed for 27,726,716 common shares of no-par value in the capital of the Company in connection with the Norwegian Financing.

   Upon Admission, Mr. Benedetto will be directly beneficially interested in a total of 27,726,716 common shares in the capital of the Company, representing 1.20% percent of the total issued and outstanding common share capital of the Company.

c) During the Financial Year ended March 31, 2023, Zenith granted Leonardo Energy Consulting S.r.l., an entity where Zenith holds a 48% interest on its share capital, a loan of CAD$nil (2022 - CAD$nil), to develop its activities. The loan is unsecured, interest free and repayable on demand. The balance outstanding on March 31, 2023, is CAD$39,690 (2023 – CAD$39,690).

d) During the year, the Group recorded payments of CAD$ 253k to other related parties (2022: CAD$ 168k]

23. Financial risk management and financial instruments

	March 31, 2023	March 31, 20221
Financial assets at amortised cost	**CAD $'000**	**CAD $'000**
Trade and other receivables (b)	26,676	19,175
Cash and cash equivalents (b)	1,442	1,153
Total financial assets	28,118	20,328

	March 31, 2023	March 31, 2022
Financial liabilities at amortised cost	**CAD $'000**	**CAD $'000**
Trade and other payables	19,749	22,074
Loans	8,697	7,975
Non-convertible bond and notes	25,247	10,360
Deferred consideration	70,084	70,084
Total financial liabilities	123,777	110,493

Zenith finances its operations through a mixture of equity, debt and retained earnings. Finance requirements are reviewed by the Board when funds are required for acquisition, exploration and development of projects.

Zenith's policy is to maintain an appropriate financial position to sustain future development of the business. There were no changes to the Group's capital management approach during the year ended March 31, 2023.

Zenith's treasury functions, which are managed by the board, are responsible for managing fund requirements and investments which include banking, cash flow management, interest and foreign exchange exposure to ensure adequate liquidity to meet cash requirements.

Zenith's principal financial instruments are cash and deposits, and also trade and other receivables. These instruments are used for meeting the Group's requirement for operations.

Zenith's main financial risks are foreign currency risk, liquidity risk, interest rate risk, commodity price risk and credit risks. Set out below are policies that are used to manage such risks:

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or counter party to a financial instrument fails to meet its commercial obligations. The Group's maximum credit risk exposure is limited to the carrying amount cash of CAD $ 1,442k (2022 – CAD $1,153k) and trade and other receivables of CAD $ 25,047k (2022 – CAD $17,250).

Deposits are, as a general rule, placed with banks and financial institutions that have credit rating of not less than AA or equivalent which are verified before placing the deposits.

The composition of trade and other receivables is summarized in the following table:

	March 31, 2023 CAD $'000	**March 31, 2022 CAD $'000**
Oil and natural gas sales	11,770	4,436
Other	13,277	12,814
	25,047	17,250

The receivables related to the sale of oil and natural gas are due from large companies who participate in the oil and natural gas industry in Italy, Congo and Tunisia. Oil and natural gas sales receivables are typically collected in the month following the sales month. No expected credit losses have been recognized in respect of trade receivables of this nature.

The Group's receivables are aged as follows:

	March 31, 2023 CAD $'000	March 31, 2022 CAD $'000
Current	11,770	4,436
90 + days	-	-
	11,770	4,436

b) Liquidity risk

Liquidity risk is the risk that the Group will incur difficulties meeting its financial obligations as they are due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and distressed conditions without incurring unacceptable losses or risking harm to the Group's reputation.

The Directors have considered the recoverability of the outstanding debts of the Group and do not consider there to be any impairment necessary.

As of March 31, 2023, the contractual cash flows, including estimated future interest, of current and non-current financial assets mature as follows:

	Carrying Amount CAD $'000	Contractual cash flow CAD $'000	Due on or before 31 March 2024 CAD $'000	Due on or before 31 March 2025 CAD $'000	Due after 31 March 2025 CAD $'000
Trade and other receivables	25,047	25,047	25,047	-	-
Cash and cash equivalents	1,442	1,442	1,442	-	-
	26,489	26,489	26,489	-	-

As of March 31, 2023, the contractual cash flows, including estimated future interest, of current and non-current financial liabilities mature as follows:

	Carrying Amount CAD $'000	Contractual cash flow CAD $'000	Due on or before 31 March 2024 CAD $'000	Due on or before 31 March 2025 CAD $'000	Due after 31 March 2025 CAD $'000
Trade and other payables	19,749	19,749	19,749	-	-
Loans	8,697	8,845	8,845	-	-
Non-convertible bond	25,247	29,420	17,218	5,316	6,886
	53,693	58,014	45,812	5,316	6,886

c) *Foreign currency risk*

Foreign currency exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. Foreign exchange rates to Canadian dollars for the noted dates and periods are as follows:

	Closing rate		Average rate	
	2023	**2022**	**2023**	**2022**
US Dollars	1.3529	1.2505	1.3226	1.2537
Euro	1.4716	1.3898	1.3771	1.4571
Swiss Franc	1.4790	1.3540	1.3856	1.3643
British Pound	1.6732	1.6422	1.5933	1.7124
Norwegian Crown	0.1296	0.1436	0.1329	0.1444
Tunisian Dinar	0.4400	0.4247	0.4217	0.4416

The following represents the estimated impact on net (loss)/income of a 10% change in the closing rates as of March 31, 2023, and 2022 on foreign denominated financial instruments held by the Group, with other variables such as interest rates and commodity prices held constant:

	March 31, 2023 CAD $'000	**March 31, 2022 CAD $'000**
Euro	-	18
Tunisian Dinar	307	454
	307	472

d) *Commodity price risk*

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices.

As of March 31, 2023, a 5% change in the price of natural gas produced in Italy would represent a change in net loss for the year ended March 31, 2023, of approximately CAD $10k (2022 – CAD $4k) and a 5% change in the price of electricity produced in Italy would represent a change in net loss for the year ended March 31, 2023, of approximately CAD $209k (2022 – CAD $114K). A 5% change in the price of oil produced in Tunisia would represent a change in net loss for the year ended March 31, 2023, of approximately CAD $431k (2022 – CAD $292k)

e) *Interest rate risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Group has fixed interest on notes payable, loans payable and convertible notes and therefore is not currently exposed to interest rate risk.

24. Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to explore and develop its projects to provide returns for shareholders and benefits for other stakeholders. The Group manages its working capital deficiency, long-term debt, and shareholders' equity as capital.

	March 31, 2023 CAD $'000	March 31, 2022 CAD $'000
Working capital	(9,383)	(8,204)
Long-term debt	-	1,442
Shareholders' equity	91,652	103,090

The Group's cash flows from its Italian operations will be needed in the near term to finance the operations and repay vendor loans. Once the acquisition in Tunisia will be completed and the license in Congo will be renewed, it will be required to match the same goals. Zenith's principal source of funds will therefore remain the issuance of equity. The Group's ability to raise future capital through equity is subject to uncertainty and the inability to raise such capital may have an adverse impact on the Group's ability to continue as a going concern. The Group is not subject to any externally imposed capital requirements.

25. Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	March 31, 2023 CAD $'000	March 31, 2022 CAD $'000
Cash and cash equivalents	1,442	1,153
Loans – repayable within one year	(8,697)	(6,533)
Loans – repayable after one year	-	(1,442)
Non-convertible bond – repayable within one year	-	(284)
Non-convertible bond – repayable after one year	(25,247)	(10,076)
	(32,502)	(17,182)

	Cash	Loans due within one year	Loans due after one year	Non-convertible bond due within one year	Non-convertible bond due after one year	Total
Net debt	**CAD $'000**	**CAD $'000**	**CAD $'000**	**CAD $'000**	**CAD $'000**	**CAD $'000**
April 1, 2021	**1,631**	**(4,359)**	**(920)**	**(4,966)**	**(2,500)**	**(11,114)**
Issue of non-convertibles bonds	7,860			(284)	(7,576)	
Interest on non-convertible bonds				(136)		(136)
Repayment of non-convertible bonds	(4,637)			4,637		
Issue of loans		(9,189)	(1,267)			(10,456)
Repayment of loans	(3,322)	2,588	734			
Loan converted into shares		4,427				4,427
Foreign exchange			11	465		476
Net cash flow	(379)					(379)
March 31, 2022	**1,153**	**(6,533)**	**(1,442)**	**(284)**	**(10,076)**	**(17,182)**
Issue of non-convertibles bonds	15,156	-	-	(267)	(14,889)	-
Interest on non-convertible bonds	-	-	-	-	-	-
Repayment of non-convertible bonds	(551)	-	-	551	-	-
Issue of loans	5,432	-5,432	-	-	-	-
Repayment of loans	(5,248)	3,806	1,442	-	-	-
Interest on loans	-	(572)	-	-	-	(572)
Foreign exchange	-	34	`-	-	(282)	(248)
Net cash flow	(14,500)	-	-	-	-	(14,500)
March 31, 2023	**1,442**	**(8,697)**	**-**	**-**	**(25,247)**	**(32,502)**

26. Operating segments

The Group's operations are conducted in one business sector, the oil and natural gas industry. Geographical areas are used to identify Group's reportable segments. A geographic segment is considered a reportable segment once its activities are regularly reviewed by the Board of the Directors.

The Group has four reportable segments which are as follows:

- Italy, which commenced gas operations following the acquisition of assets in June 2013;
- The Republic of the Congo, which was acquired during the 2020 FY
- Tunisia, which was acquired during the 2021 FY
- Other, which includes corporate assets and the operations in the Canadian, Swiss, Argentinian and Norwegian entities.

YEAR 2022	**Congo CAD $000**	**Italy CAD $000**	**Tunisia CAD $000**	**Other CAD $000**	**Total CAD $000**
Property and equipment	10	6,495	219,399	3,870	229,774
Other assets	9,329	1,742	15,522	2,933	29,526
Total liabilities	7,353	10,980	115,257	22,620	156,210
Capital Expenditures		5	133,331	51	133,387
Revenue	1	2,366	5,872	-	8,239
Operating and transportation	(5)	(556)	(1,101)	(555)	(2,217)
General and Administrative	(926)	(190)	(2,167)	(9,243)	(12,526)
Depletion and depreciation	(14)	(531)	(1,077)	(620)	(2,242)
Gain on business combination	-		(62,766)	138,673	75,907
Finance and other expenses	-	(359)	509	(2,573)	(2,423)
Taxation	-		(301)	-	(301)
Segment (loss)/ income	**(944)**	**730**	**(61,031)**	**125,682**	**64,437**

YEAR 2023	**Congo CAD $000**	**Italy CAD $000**	**Tunisia CAD $000**	**Other CAD $000**	**Total CAD $000**
Property and equipment	9	6,244	218,000	3,312	227,565
Other assets	9,789	1,166	20,437	3,954	35,346
Total liabilities	8,124	11,652	118,230	33,253	171,259
Capital Expenditures	1	5	424	-	430
Revenue	-	4,392	8,767	-	13,159
Operating and transportation	-	(1,105)	(4,546)	(99)	(5,750)
General and Administrative	(609)	(775)	(7,841)	629	(8,596)
Depletion and depreciation	-	(620)	(3,562)	(565)	(4,747)
Finance and other expenses	-	(408)	(3,649)	(2,219)	(6,276)
Taxation	-	(215)	(402)	-	(617)
Segment (loss)/ income	**(609)**	**1,269**	**(11,233)**	**(2,254)**	**(12,827)**

The following customers combined have 10% or more of the Group's revenue:

	2023	2022
	CAD $000	CAD $000
Customer A	4,188	2,281

27. Controlling party

At as of the end of the financial year ending March 31, 2023, the Directors do not consider there to be a controlling party.

28. Events subsequent to the year end

On May 26, 2023, the Company provided an update on its recent corporate development activities.
The Company's management is currently reviewing a selection of oil production and development assets located in Texas, Oklahoma, and California in the United States of America (the "**Potential Acquisitions**"). If any of these Potential Acquisitions are completed, the Company will make further announcements, and at this stage, no terms are finalised.

The Potential Acquisitions are all located in prolific oil and gas basins with proven petroleum systems.
It is expected that, if the Potential Acquisitions are completed, a production rate in the range of approximately 300-500 barrels of oil per day might be achieved upon completion.

Drilling activities can be performed at relatively low-cost and without significant delay in view of the ready availability of equipment. The average total depth of production wells in the project areas of the Potential Acquisitions ranges between 500 to 2,000 metres.

On June 2, 2023, the Company announced that it has entered into an agreement (the "**Agreement**") with Stateside Energy LLC, a company registered under the laws of the State of Oklahoma, United States of America (hereinafter "**Stateside**") to acquire and operate a portfolio of oil production and development licences in Oklahoma, as well as certain other States in the USA (the "**Targets**").

Key Terms

- Stateside is an oil and gas operator with a portfolio of seven oil wells in the State of Oklahoma.
- Under the Agreement, Zenith will incorporate a wholly owned special purpose vehicle in the United States of America for the purpose of acquiring oil wells and licence blocks in the State of Oklahoma and certain other States in USA (the "**Newco**").
- Stateside will make available its personnel in Oklahoma for the purpose of assisting the business development of Newco.
- Zenith will consider providing Stateside with the following incentive bonus structure based upon the Newco reaching the following incremental average production targets: 75, 125, 175 and 225 barrels of oil per day (the "**Milestones**").
- Upon the achievement of each Milestone Zenith will consider issuing Stateside certain amounts payable by way of issuing equity securities (the "**Incentive Bonus Payments**").
- Stateside agrees to sell its oil production wells to Newco, subject to the completion of a satisfactory due diligence by Zenith, for a nominal consideration.

- It is planned that the Newco will negotiate the acquisition of approximately 70 oil production wells located on property leases totalling approximately 3,200 acres located in the State of Oklahoma for sale by a third-party identified by Stateside (the "**Potential Vendor**").
- The Potential Vendor has indicated it also intends to sell certain oilfield service equipment including, inter alia, a pulling unit and a tank truck, for an amount to be agreed.
- Zenith has agreed to invest approximately US$2 million, subject to the completion of a satisfactory due diligence, for the acquisition of Targets to be introduced by Stateside.

The Company formally begin its expansion in the USA by way of the Agreement with Stateside. The advantages of operating in North America are readily apparent, and primarily include the speed of execution for transactions, with the resulting delivery of potential immediate oil production to Zenith, and the relatively conspicuous lack of bureaucratic delays and other detrimental impediments to corporate development seen elsewhere.

The Company is currently negotiating the potential acquisition of various oil production assets with significant development potential across the USA. We look forward with enthusiasm to potentially completing these in an expeditious manner, subject to rigorous due diligence, by leveraging one of our strengths: deal-making.

On June 7, 2023, the Company announced the formal submission of various legal proceedings against the Republic of Tunisia, with a total cumulative claimed amount of at least US$48 million.

Zenith's fully owned subsidiaries (together, the "**Investors**") have submitted a request for arbitration against the Republic of Tunisia before the International Centre for Settlement of Investment Disputes in Washington DC ("**ICSID**") - (the "**Arbitration**").

The request for Arbitration before the ICSID was submitted in accordance with article 8 of the Agreement signed between the government of the United Kingdom of Great Britain and Northern Ireland and the government of the Tunisian Republic in 1989 for the Promotion and Protection of Investments.

The Arbitration has been launched following a series of actions undertaken by the Tunisian government to the material detriment of the commercial interests of the Investors in the Republic of Tunisia, including, *inter alia*, unreasonable and arbitrary obstructions in relation to the development of the Sidi El Kilani and Ezzaouia concessions.

More specifically, these include actions in contravention to, inter alia, the terms of the Sidi El Kilani and Ezzaouia licenses respectively, and unjustified obstructions for processing the sale of produced oil.

Prior to initiating the Arbitration, Zenith and its subsidiaries have, in good faith, applied their best efforts towards engaging constructively with the relevant bodies in the Republic of Tunisia to address these matters. However, in view of the unsuccessful nature of these efforts to date, the Investors have been compelled, to safeguard their commercial interests and legal rights, to launch the Arbitration.

The Investors have engaged Gide Loryette Nouel, a legal firm with a specialisation in high-level dispute resolution, as legal counsel in connection with the Arbitration.

The Investors can confirm that, in the interests of preserving the Company's cash reserves at a time of intensive expansion and development activity, they are in advanced negotiations with a specialist third-party litigation funder for a 'no win-no fee' financing arrangement to support all the costs in connection with the Arbitration.

The Board, based on due and careful consideration surrounding the merits of the Arbitration and specialist legal advice received, believes there will either be a successful outcome resulting from the Arbitration or there will be an amicable settlement in due course.

Update on Tunisian production and development portfolio
The Company can confirm that it continues to operate its production and development portfolio in the Republic of Tunisia, including the Robbana and El Bibane concessions which it holds directly with a 100% interest, whilst negotiations are ongoing with the local authorities in Tunisia with the objective of addressing the underlying causes of the aforementioned Arbitration.

The Robbana Concession is producing approximately 20-25 barrels of oil per day, with a total accumulation of approximately 8,000 barrels of oil in stock which is ready for sale subject to local export permissions being granted.

Production from the El Bibane Concession has been suspended due to necessary maintenance activities.
Further, for the avoidance of doubt, the Company maintains that its subsidiary's 50 percent ownership of MARETAP, the joint operating company for the Ezzaouia Concession, remains unchanged.

On **June 23, 2023,** The Company announced that it has signed a Memorandum of Understanding ("MOU") with the Ministry of Petroleum in the Republic of South Sudan.

The MOU has the purpose of formalising certain negotiations currently underway with the Ministry of Petroleum for the acquisition and development of oil and gas production licences located in the Republic of South Sudan.

On **July 3, 2023,** the Company announced that its fully owned subsidiary, Anglo African Oil & Gas Congo S.A.U ("AAOGC"), has been awarded a payment of compensatory damages by the Paris Commercial Court (the "Court") in its claim against SMP Energies (hereafter "SMP", formerly Société de Maintenance Pétrolière - SMP) the rig contractor that performed drilling services in wells TLP-103 and TLP-103C of the Tilapia oilfield during 2018-2019.

In the decision, the Court rejected SMP's request for a stay of proceedings in France due to new proceedings having been initiated in the Republic of the Congo, stating that SMP's request contained "all the characteristics of a dilatory request", and ordered it to pay an amount of EUR 30,000 to AAOGC by way of compensatory damages. The Court decision is immediately enforceable.

The Court has scheduled the next procedural date as September 29, 2023.

On **July 5, 2023**, the Company announced that its newly incorporated fully owned subsidiary in the State of Texas, Zena Oil & Gas LLC, has conditionally agreed to fully acquire a portfolio of mineral leases and oil and gas wells in the State of Texas, United States of America (the "Acquisition") from the wholly owned subsidiaries of Beam Earth Group Ltd. (the "Seller").

Terms of the Acquisition

The Company has conditionally agreed to fully acquire, subject to a definitive purchase and sale agreement ("Completion") certain oil, gas, and mineral leases and oil and gas wells for a total amount of US$1,027,500 (the "Consideration").

The Consideration will be payable 60% in cash, representing the amount of US$616,500, and the balance of 40% will be satisfied by the issuance of equity to the Seller to be admitted to trading on the Euronext Growth of the Oslo Stock Exchange, priced at the average closing price of the last 5 trading days prior to the achievement of Completion (the "Equity Consideration"). Admission will also be sought within 12 months of any issue under the Equity Consideration to the Main Market of the London Stock Exchange and the Standard Segment of the UK Official List.

The Seller have agreed to retain the Equity Consideration for a minimum of three months from the date of Completion. Zenith will hold the right of first refusal in the event of a possible disposal of the Equity Consideration, subject to the terms to be agreed at Completion in the definitive purchase and sale agreement.

Acquisition Highlights

· The Acquisition comprises of 155 oil and gas wells located in the vicinity of Midland (TX) across licences named Corsicana, Powell, BrookLaw and Sun Valley.

· 47 wells are currently active with a daily production of approximately 60 barrels of oil per day ("BOPD").

· It is expected that production can be increased to an average rate of 100 BOPD with light workover and field rehabilitation activities within six months from Completion.

· Located in the State of Texas, a prolific oil and gas petroleum system with favourable fiscal terms, relatively low production costs and the ready availability of technical expertise and equipment.

· Zenith will commission a Competent Person's Report in compliance with Canadian securities laws, specifically the COGE Handbook and National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities - to obtain an updated reserves evaluation for the Acquisition.

On **July 10, 2023,** the Company announced that it has successfully obtained a 'conservative seizure' for an amount equivalent to approximately US$6.5 million deposited in a bank account in Switzerland under the name of ETAP, Entreprise Tunisienne d'Activités Pétrolières, the national oil company of the Republic of Tunisia (the "Conservative Seizure").

The Conservative Seizure has been undertaken to avoid the risk of funds being dissipated or diverted while legal proceedings are ongoing.

On June 7, 2023, the Company announced that its subsidiaries had initiated various legal proceedings against the Republic of Tunisia, with a total cumulative claimed amount of at least US$48 million.

On **August 3, 2023**, the Company announced that it had signed a binding memorandum of understanding ("**MOU**") with Jala Capital Investments, LLC, a company incorporated in the State of Texas ("**Seller**").

Highlights

- Seller owns a 100% Gross Working Interest ("**GWI**") and a 75% Net Revenue Interest ("**NRI**") in approximately 320 acres of oil and gas lease from surface down to a depth of approximately 800 metres, located in the East Half of section 14, Block 50, University Lands, Crockett County, Texas (the "**Property**").
- Geologically, the Property is situated in the southern section of the Midland Basin, a subbasin of the Permian Basin. The Property will give Zenith the opportunity to develop production from the San Andres formation, a prolific carbonate formation in the Permian Basin in Texas and New Mexico.

- The Property is situated in the southern section of the Farmer Field which has produced over 34 million barrels of oil since 1950 from approximately 1,000 wells drilled in leases adjoining the Property.
- Zenith has confirmed its intention to operate the Property and conduct oil and gas extraction and exploration activities.
- Subject to completion of satisfactory due diligence by Zenith, the Seller agrees to execute, convey, and assign to the Company a GWI of 90%, with a NRI of 67.5%.
- The Consideration for the MOU is US$50,000, which includes the sale oil surface equipment such as a battery of oil tanks and oil separation equipment.
- The Seller will retain a carried GWI of 10% in respect of all drilling and completion work necessary for the first two wells to be drilled. The Seller has agreed to pay its proportionate share of all subsequent drilling and completion work to be performed, as well as its share of ongoing operating costs, including workovers.
- Zenith has an obligation to notify the Seller at least 24 hours prior to spudding a well on the Property.
- Prior to commencement of drilling the first well, Zenith and the Seller will formalise a Joint Operating Agreement to govern all aspects of the relationship between the parties in respect of the Property.
- Zenith intends to use a highly experienced third-party local drilling contractor to conduct drilling activities.
- The drilling and completion of each well is expected to require a total budget of approximately US$500,000, with an estimated potential production output of approx. 60 barrels of oil per day for each well.
- Nine wells have historically been drilled in the Property, with neighbouring properties recording sustained material production.

On **August 4, 2023**, the Company announced that it had decided to discontinue negotiations with the Ministry of Water and Mines of the Republic of Benin for the finalisation of a Production Sharing Contract for Block 1, containing the Sèmè oilfield.

The Board took the decision following a comprehensive evaluation of recent geopolitical developments in the vicinity of Benin, the significant long-term investment required to successfully develop the Sèmè oilfield, and the material progress made in other jurisdictions where Zenith intends to maximise its technical and financial resources with comparatively reduced risk for the Company's shareholders.

On **August 29, 2023**, the Company announced that it had acquired control of Cyber Apps World Inc. ("**CYAP**") by way of a Securities Purchase Agreement ("**SPA**") signed with Janbella Group LLC ("**Seller**").

Highlights

- Zenith has acquired 100,000 Series A Preferred Shares in CYAP from the Seller, representing 99.87% of its current total voting rights.
- The purchase price agreed under the terms of the SPA is **US$398,319.97** in cash (the "**Consideration**").
- CYAP is listed on the US OTC Markets' Pink Open Market segment under the ticker "CYAP".
- Zenith intends to rename CYAP, will appoint a new Board of Directors reflecting its new ownership, and will utilise CYAP for the purpose of acquiring energy production and development opportunities in the US.
- CYAP is currently engaged in software development. However, it is Zenith's intention to exit this activity at the appropriate time.
- CYAP announced that it had changed its name to Leopard Energy Inc during the month of December 2023

On **September 4, 2023**, the Company announced that, in agreement with OMV Exploration and Production GmbH ("**OMV**"), it had terminated the share purchase agreement ("**SPA**") announced to the market on January 3, 2023, for the acquisition of 100% of the outstanding share capital of OMV (Yemen Block S 2) Exploration GmbH, OMV Jardan Block 3 Upstream GmbH, and OMV Block 70 Upstream GmbH (collectively "**OMV**

Yemen").

The SPA was terminated due to the conditions required for completion of the SPA not being satisfied.

In accordance with the terms of the SPA, OMV refunded the deposit of US$4,323,800 plus accrued interest to Zenith.

In view of the termination of the SPA with OMV Yemen, the share purchase agreement entered into with Hingbo Industries Company Limited for the sale of a 51% interest in the issued, allotted, outstanding and fully paid-up share capital of the Company's fully owned subsidiary, Zenith Energy Netherlands B.V ("**Zenith Netherlands**"), announced to the market on January 3, 2023, has also been terminated. Zenith Netherlands is currently dormant and has no assets.

On **September 4, 2023**, the Company announced that it had signed an MOU (the "**MOU**") with a company incorporated in Kazakhstan (the "**Seller**") giving the Company a period of exclusivity for a duration of ninety days to evaluate a potential acquisition.

On **September 15, 2023**, the Company announced that it had signed a second MOU (the "**MOU**") with a company incorporated in Kazakhstan (the "**Seller**") to evaluate the potential acquisition of two oil development assets.

On **September 19, 2023**, the Company announced that it had signed a third MOU (the "**MOU**") with a company incorporated in Kazakhstan (the "**Seller**") to evaluate the potential acquisition of an oil production and development asset.

On **September 20, 2023**, the Company announced that it would proceed with the implementation of the share consolidation approved by shareholders at the Company's annual general meeting held on April 14, 2023 (the "**Consolidation**"). Under the Consolidation, one new common share of no par value ("**New Common Shares**") was issued for every ten existing common shares of no par value ("**Old Common Shares**").

On **September 29, 202**3, the Company announced that BCRA Credit Rating Agency AD ("**BCRA**") had confirmed the Company's long-term issuer credit rating of "**B+** with **Stable Outlook**".

BCRA is an independent credit rating agency operating since 2003. The Bulgarian Financial Supervision Commission ("**FSC**") and European Securities and Markets Authority ("ESMA") have fully registered BCRA in accordance with Regulation (EC) No. 1060/2009 of the European Parliament on credit rating agencies.

On **October 10, 2023**, the Company announced that EuroRating Sp. Zo.o ("**Eurorating**") has assigned the Company a long-term debt issuer credit rating of "**B+** with **Stable Outlook**".

> EuroRating is an independent credit rating agency operating since 2008 specialised in performing credit risk assessments of corporations and financial institutions. EuroRating is fully registered and regulated by the European Securities and Markets Authority ("**ESMA**") in accordance with Regulation (EC) No. 1060/2009 of the European Parliament on credit rating agencies and is recognised as an ECAI (External Credit Assessment Institution).
>
> Credit ratings assigned by EuroRating are valid throughout the European Union and can be used for regulatory purposes under EU legislation by all financial institutions and are entirely equal to credit ratings issued by other credit rating agencies recognized by ESMA, without territorial or any other limitations.

On **October 25, 2023**, the Company announced that the Company's common shares of no par value ("**Common Shares**") would commence dealing on the OTCQB Venture Market cross-trading facility in the United States (the "**OTCQB**") with effect from today. The OTCQB ticker for the Common Shares is "**ZENAF**".

> The OTCQB is designed to allow developing international companies to be publicly traded in the United States. The Company believes that having its Common Shares traded on the OTCQB is a cost-effective solution which will provide enhanced investor benefits, including easier trading access for investors located in the US, and greater liquidity due to a broader geographic pool of potential investors. A market maker will be appointed in the US to support the trading on the OTCQB.
>
> The OTCQB is recognised as an "Established Public Market" by the U.S. Securities and Exchange Commission (the "**SEC**"). The OTCQB is a leading market for US and international companies in the entrepreneurial and development stage. Trading on the OTCQB will have no impact on the trading of Zenith's Common Shares on the London Stock Exchange Main Market (LSE: ZEN) and the Euronext Growth of the Oslo Stock Exchange (OSE: ZENA) and no new Common Shares will be issued as part of the cross-trading facility.
>
> Zenith will continue to rely on the announcements and disclosures it makes to the London Stock Exchange and will have no Sarbanes-Oxley or SEC reporting requirements.

On **November 1, 2023**, the Company announced that it had initiated an ICC (International Chamber of Commerce) arbitration case seated in Paris, France against Entreprise Tunisienne d'Activités Pétrolières ("**ETAP**"), the national oil company of the Republic of Tunisia (the "**ICC Arbitration**").

On **November 29, 2023**, the Company announced that the ICC (International Chamber of Commerce) appointed Arbitral Tribunal for the arbitration claims launched against Entreprise Tunisienne d'Activités Pétrolières ("**ETAP**"), the national oil company of the Republic of Tunisia (the "**ICC Arbitration**"), had rejected ETAP's request to include the Tunisian State as co-defendant and ordered ETAP to pay approximately EUR 120,000 in costs.

> Zenith Energy will seek to enforce the decision with a view to receiving payment directly to the claimant, a fully owned subsidiary of the Company, named Ecumed Petroleum Zarzis Ltd ("**EPZ**"), registered in Barbados.

On **November 30, 2023**, the Company announced that as it was in the advanced stage of finalising terms for the potential acquisition of oil production and development assets, it had incorporated a subsidiary in the Republic of Kazakhstan, named Zenith Munay LLP.

On December 6, 2023, the Company announced that its fully owned subsidiary, Canadian North Africa Oil and Gas Limited ("CNAOG") had initiated an ICC (International Chamber of Commerce) arbitration case seated in Paris against the Republic of Tunisia (the "CNAOG ICC Arbitration").

Background

As announced by the Company on November 22, 2021, Zenith Overseas Assets Holdings Ltd ("**ZOA**"), a fully owned subsidiary of Zenith, entered into a share purchase agreement to acquire a 100% interest in the issued, allotted, outstanding and fully paid-up share capital of CNAOG, previously named CNPC International (Tunisia) Ltd, a then subsidiary of China National Petroleum Corporation, one of the largest state-owned energy companies in the world (the "**Acquisition**").

CNAOG held an undivided 22.5% interest in the North Kairouan permit and the Sidi El Kilani Concession in Tunisia ("**SLK**" or the "**Concession**"), as well as still owning 25% of the issued share capital of Compagnie Tuniso-Koweito-Chinoise de Pétrole ("**CTKCP**"), the operating company of SLK.

For reasons unknown to the Company and devoid of any legal grounding, the Tunisian State represented by the Ministry of Industry, Mines and Hydrocarbons arbitrarily refused to recognise the Acquisition of CNAOG, which was performed in accordance with all applicable laws and duly notified to the local authorities.

It is to be underlined that the Ministry's position is in contravention of established precedent, including the acquisition of Ecumed Petroleum Tunisia Ltd, which holds a 100% interest in the Robbana and El Bibane concessions by Compagnie Du Desert Ltd ("**CDD**"), a fully owned subsidiary of Zenith, announced on April 30, 2021, as well as the acquisition of Ecumed Petroleum Zarzis Ltd ("**EPZ**"), which held a 45% interest in the Ezzaouia concession and still owns 50 percent ownership of MARETAP, the joint operating company for the Ezzaouia concession, first announced on March 15, 2021.

Claim

The Company's is pleased to confirm that it has formalised a claim for damages in the amount of **US$85.8 million** (the "**Claimed Amount**") in connection with the CNAOG ICC Arbitration.

The Claimed Amount has been assessed by a third-party expert consultant in consideration of the following:

- CNAOG's lost production revenue and associated profitability, during a period of high energy prices, from the SLK Concession until its initial expiry in December 2022.
- The volume of crude oil produced from the Concession and allocated to and received by CNAOG upon the completion of the Acquisition.
- Unpaid invoices for oil production by ETAP, the national oil company of Tunisia.
- The value of the 45% interest in the renewal of the SLK Concession, representing a breach of CNAOG's right to renew its previously existing 22.5% interest in SLK, as well as the 22.5% interest held by Kuwait Foreign Petroleum Exploration Company K.S.C.C, which relinquished its interest in the Concession before its initial expiry.

The Company clarified that the CNAOG ICC Arbitration is being performed in parallel to the ICC Arbitration against ETAP, announced to the market on November 1, 2023, for a total amount of US$6.5 million, and to the arbitration pending before the International Centre for Settlement of Investment Disputes in Washington DC ("**ICSID Arbitration**") , for a total cumulative claimed amount of at least US$48 million, announced to the market on June 7, 2023, following various breaches of bilateral trade agreements committed by the Republic of Tunisia.

By way of summary, the cumulative total amount claimed across the three arbitrations is now at least US$140.5 million.

On **December 20, 2023**, the Company announced the conditional acquisition of an initial 50% of the shares and voting rights in Devonian Petroleum Limited ("**Devonian**"), a private oil company registered in the United Kingdom, for a total investment in cash and in kind assessed at approximately 5 million USD (the "**Conditional Acquisition**").

Conditional Acquisition Highlights

- In 2019, Devonian was awarded the Akkudukski exploration block (the "**Akkudukski Block**") of approximately 1,094 km^2 in the Precaspian Basin, Kazakhstan, in a competitive bid round. Devonian has the hydrocarbon exploration rights to the basement, with the exception of the 2.9 km^2 Akkuduk Jurassic oilfield, owned and operated by EmbaMinaGas, a subsidiary of KazMuniGaz, the Kazakh national oil company.
- 3-D seismic presently covers approximately 70% of the Akkudukski Block.
- The current Akkudukski Block Competent Person's Report ("**CPR**") assigns P50 resources of 120 million barrels above the salt and 400 million barrels below the salt.
- The Akkudukski Block is located in the Embinsky district of the Atyrau Region in the North Caspian Basin, on the eastern coast of the Caspian Sea, about 250 kilometres southeast of Atyrau the regional oil capital.
- In supra-salt reservoirs above the Kungurian Evaporate regional seal, an undeveloped Middle Triassic oilfield in sandstones underlies the Akkuduk Jurassic oilfield. This was identified in the AK-20 well, drilled in 2016, which recovered low sulphur light oil at 2,660m in an MDT test on Wireline in addition to seeing gas in the Jurassic at 1,913m. There are, additionally, at least 6 mid-Triassic seismic prospects and at least 1 more Jurassic seismic lead. Jurassic well KM-1 encountered more than 30m of oil-bearing sands in 2008 from 1,680 to 1,720m. In sub-salt reservoirs, a potential super-giant gas-condensate seismic prospect named 'Zholdaskali', geologically analogous to both the super-giant Tengiz oilfield operated by Chevron with approximately 25 billion barrels recoverable oil, located circa 60 km to the southwest, and to the adjoining Ansagan field, with approximately 400 million barrels of oil equivalent recoverable reserves, has been identified. The Akkudukski Block also contains potential reservoirs in 4-way closures, identified on seismic, in Lower Permian and Carboniferous sands.
- The Akkuduk producing Jurassic oilfield was discovered in 1981 with production in two Callovian sandstone horizons in a fault block with 4-way closure over a Kungurian evaporite diapir. The Jurassic oilfield has produced just over 6 MM bbls light oil on primary recovery to date. The Zholdaskali lead has been mapped on seismic in 2019 with 2-D and 3D seismic covering most of the lead. Devonian has subsequently identified Jurassic and deeper Permo-carboniferous sandstone seismic prospects. A deep parametric well, AKK-1P, was drilled in Soviet times to investigate a 45x10 km seismic feature seen (in low resolution 2D seismic) in the Devonian at circa 7,000m but drilling was suspended at 6,290m because of high pressure gas being encountered and tested.
- Devonian was the first UK company to be awarded a block of oilfields following a competitive government bid round, in accordance with the new code of the Republic of Kazakhstan 'On Subsoil and Subsoil Use' ("**SSU Code**"), by way of its local subsidiary, DP Energy LLP ("**DP Energy**") in which Devonian has a 99% interest.
- DP Energy holds a joint exploration and production contract for a term of six years from July 2019, to be followed by a production licence for a duration of 25 years subject to certain conditions being satisfied, primarily seismic reprocessing and the drilling of one new well.
- Under the terms of the Conditional Acquisition, Zenith has paid Devonian an initial deposit in the amount of US$200,000 (the "**Deposit**").
- A second tranche in the amount of US$1.8 million will be payable on the completion of a satisfactory legal and technical due diligence by Zenith 60 days from the date of signing the Conditional Acquisition (the "**Exclusivity**"), and the receipt of all necessary regulatory approvals in the Republic of Kazakhstan ("**Completion**").
- The Exclusivity will govern the commercial finalisation of the final terms and deal structure for the acquisition of the remaining 50% of DP to be paid in Zenith equity (the "**Final Contract**").
- If the Conditional Acquisition is not completed, Devonian will repay Zenith by set-off and will issue Zenith ordinary shares in the capital of DP representing 3% of its fully diluted share capital.

- The total amount of US$2 million, having been paid upon Completion, will be complemented by an additional consideration estimated in the amount of approximately US$3 million to cover the costs for the drilling and testing of a new well, to a maximum depth of 3,000 metres, in the Akkudukski Block (the "**First Well**"). This First Well will target either Triassic sandstone reservoirs at Akkuduk or Jurassic sandstone reservoirs at Kamen. The selection of the drilling location for the First Well will be mutually agreed.
- The Company has agreed to transport its drilling rig, a 1,200hp 260-ton onshore drilling rig ("**ZEN-260**"), to the Republic of Kazakhstan from Georgia, where it has been stored in recent years, for the purpose of drilling the First Well. Zenith will initiate the necessary importation formalities and obtain the required approvals and certifications for mobilisation of the ZEN-260 and ancillary drilling equipment to the chosen well location.

Zenith confirmed that following the signing of the Conditional Acquisition, it had discontinued all other negotiations in respect of potential acquisitions in the Republic of Kazakhstan. The Conditional Acquisition will be its sole focus.